STATE CORPORATION COMMISSION

One Hundred Seventeenth Annual Report

of the

State Corporation Commission

of

Virginia

For the Year Ending December 31, 2019

GENERAL REPORT

Letter of Transmittal

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

RICHMOND, VIRGINIA, *December 31, 2019*

To the Honorable Ralph S. Northam

Governor of Virginia

Sir:

We have the honor to transmit herewith the one hundred seventeenth Annual Report of the State Corporation Commission for the year 2019.

Respectfully submitted,

Judith Williams Jagdmann, Chairman

Mark C. Christie, Commissioner

Patricia L. West, Commissioner

TABLE OF CONTENTS

Commissioners 1

Preface 2

Rules of Practice and Procedure 3

Leading Matters Disposed of by Formal Orders 15

Tables:

Summary of the Changes in the Number of Virginia and Foreign Corporations and Other Types of Business Entities Licensed to do Business in Virginia, and of Amendments and Other Filings Related to the Organizational Documents of Virginia and Foreign Business Entities During 2018 and 2019 620

Fees Collected by the Clerk's Office, June 30, 2018 and June 30, 2019 622

Fees Collected by the Bureau of Financial Institutions, June 30, 2018 and June 30, 2019 623

Fees and Taxes Collected by the Bureau of Insurance, June 30, 2018 and June 30, 2019 623

Assessment of Value of Public Service Corporations Tax Years 2018 and 2019 624

State Taxes of Public Service Companies Tax Years 2018 and 2019 624

Assessed Value of Public Service Companies for Local Taxation by Cities and Counties Tax Years 2018 and 2019 625

Fees Collected by the Division of Securities and Retail Franchising for the years 2018 and 2019 627

2019 Proceedings and Activities by Divisions of the State Corporation Commission

Division of Utility Accounting and Finance 628

Division of Public Utility Regulation 629

Bureau of Financial Institutions 630

Bureau of Insurance 631

Division of Securities and Retail Franchising 632

Clerk's Office, Uniform Commercial Code and Tax Liens 633

Division of Utility and Railroad Safety 633

Index 636

APPENDIX:

List of Cases Established in 2019 669

State Corporation Commission

COMMISSIONERS

* Mark C. Christie	Chairman
** Judith Williams Jagdmann	Chairman
*** Patricia L. West	Commissioner

Joel H. Peck

Clerk of the Commission

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*Term as Chairman expired January 31, 2019

**Elected Chairman effective for term of one year, February 1, 2019

***Term began March 1, 2019

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:

Name	Term	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
James C. Dimitri	September 3, 2008 to February 28, 2018	10
Mark C. Christie	February 1, 2004 to	
Judith Williams Jagdmann	February 1, 2006 to	
Patricia L. West	March 1, 2019 to	

From 1903 through 2019 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	16	Dimitri	10
Jagdmann	14	West	1		

Preface

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

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

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

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

RULES OF PRACTICE AND PROCEDURE

TABLE OF CONTENTS

PART I.
GENERAL PROVISIONS

		Page
Rule 10.	Applicability.	6
Rule 20.	Good faith pleading and practice.	6
Rule 30.	Counsel.	6
Rule 40.	Photographs and broadcasting of proceedings.	6
Rule 50.	Consultation by parties with commissioners and hearing examiners.	6
Rule 60.	Commission staff.	7
Rule 70.	Informal complaints.	7

PART II.
COMMENCEMENT OF FORMAL PROCEEDINGS

Rule 80.	Regulatory proceedings.	7
Rule 90.	Adjudicatory proceedings.	7
Rule 100.	Other proceedings.	7

PART III.
PROCEDURES IN FORMAL PROCEEDINGS

Rule 110.	Motions.	8
Rule 120.	Procedure before hearing examiners.	8
Rule 130.	Amendment of pleadings.	8
Rule 140.	Filing and service.	8
Rule 150.	Copies and format.	9
Rule 160.	Memorandum of completeness.	9
Rule 170.	Confidential information.	9
Rule 180.	Official transcript of hearing.	10
Rule 190.	Rules of evidence.	10
Rule 200.	Briefs.	10
Rule 210.	Oral argument.	10
Rule 220.	Petition for rehearing or reconsideration.	10
Rule 230.	Extension of time.	10

PART IV.
DISCOVERY AND HEARING PREPARATION PROCEDURES

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

Rule 260.	Interrogatories to parties or requests for production of documents and things.	11
Rule 270.	Hearing preparation.	12
Rule 280.	Discovery applicable only to 5 VAC 5-20-90 proceedings.	12

CHAPTER 20

STATE CORPORATION COMMISSION
RULES OF PRACTICE AND PROCEDURE

PART I.

GENERAL PROVISIONS.

5 VAC 5-20-10. Applicability.

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

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

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

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

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

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

5 VAC 5-20-30. Counsel.

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

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

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

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

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

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

5 VAC 5-20-60. Commission staff.

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

5 VAC 5-20-70. Informal complaints.

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

PART II.

COMMENCEMENT OF FORMAL PROCEEDINGS.

5 VAC 5-20-80. Regulatory proceedings.

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

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

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

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

5 VAC 5-20-90. Adjudicatory proceedings.

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

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

5 VAC 5-20-100. Other proceedings.

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

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

Within 21 days of service of a petition under this rule, the defendant shall file an answer or other responsive pleading containing, in narrative form, (i) a response to each allegation of the petition and (ii) a statement of each affirmative defense asserted by the defendant. Failure to file a timely

answer may result in entry of judgment by default against the defendant failing to respond. Upon order of the commission, the commission staff may participate in any proceeding under this rule in which it is not a defendant to the same extent as permitted by 5 VAC 5-20-80 D.

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

PART III.

PROCEDURES IN FORMAL PROCEEDINGS.

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

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

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

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

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

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

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

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

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

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

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

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

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

Applications, petitions, motions, responsive pleadings, briefs, and other documents filed by parties must be filed in an original and 15 copies unless otherwise directed by the commission. Except as otherwise stated in these rules, submissions filed electronically are exempt from the copy requirement. One copy of each responsive pleading or brief must be served on each party and the commission staff counsel assigned to the matter, or, if no counsel has been assigned, on the general counsel.

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

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

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

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

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

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

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

5 VAC 5-20-170. Confidential information.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 VAC 5-20-200. Briefs.

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

5 VAC 5-20-210. Oral argument.

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

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

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

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

The commission may, at its discretion, grant a continuance, postponement, or extension of time for the filing of a document or the taking of an action required or permitted by these rules, except for petitions for rehearing or reconsideration filed pursuant to 5 VAC 5-20-220. Except for good cause

shown, motions for extensions shall be made in writing, served on all parties and commission staff counsel, and filed with the commission at least three days prior to the date the action sought to be extended is due.

PART IV.

DISCOVERY AND HEARING PREPARATION PROCEDURES.

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

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

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

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

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

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

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

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

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

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

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

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

The commission staff and any party in a formal proceeding before the commission, other than a proceeding under 5VAC5-20-100 A, may serve written interrogatories or requests for production of documents upon a party, to be answered by the party served, or if the party served is an entity, by an officer or agent of the entity, who shall furnish to the staff or requesting party information as is known. Interrogatories or requests for production of documents, including workpapers pursuant to 5VAC5-20-270, that cannot be timely answered before the scheduled hearing date may be served only with leave of the commission for good cause shown and upon such conditions as the commission may prescribe. Such otherwise untimely interrogatories or requests for production of documents, including workpapers pursuant to 5VAC5-20-270, may not be served until such leave is granted. Interrogatories or requests for production of documents may be served upon a member of the commission staff, or an expert or consultant filing testimony on behalf of the commission staff, in a proceeding under 5 VAC 5-20-80 to discover: (i) factual information that supports the workpapers submitted by the staff pursuant to 5VAC5-20-270, including electronic spreadsheets that include underlying formulas and assumptions; (ii) any other documents relied upon as a basis for recommendations or assertions in prefiled testimony, staff reports or exhibits filed by staff, or by an expert or consultant filing testimony on behalf of the staff; or (iii) the identity of other formal proceedings in which an expert or consultant filing testimony on behalf of the staff testified regarding the same or a substantially similar subject matter. The disclosure of communications within the commission shall not be required and, except for good cause shown, no interrogatories or requests for production of documents may be served upon a member of the commission staff, or an expert or consultant filing testimony on behalf of the staff, prior to the filing of staff's testimony. All interrogatories and requests for production of documents shall be filed with the Clerk of the Commission. Responses to interrogatories and requests for production of documents shall not be filed with the Clerk of the Commission.

The response to each interrogatory or document request shall identify by name the person making the response. Any objection to an interrogatory or document request shall identify the interrogatory or document request to which the objection is raised, and shall state with specificity the basis and supporting legal theory for the objection. Objections shall be served with the list of responses or in such manner as the commission may designate by order. Responses and objections to interrogatories or requests for production of documents shall be served within 10 days of receipt, unless otherwise ordered by the commission. Upon motion promptly made and accompanied by a copy of the interrogatory or document request and the response or objection that is subject to the motion, the commission will rule upon the validity of the objection; the objection otherwise will be considered sustained.

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

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

5 VAC 5-20-270. Hearing preparation.

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

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

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

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

A motion by the defendant or staff under this rule shall be filed and served at least 30 days before the hearing date. The motion shall include all relief sought. A subsequent motion may be made only upon a showing of cause as to why the motion would be in the interest of justice. An order or ruling granting relief under this rule shall specify the time, place, and manner of making discovery and inspection permitted, and may prescribe such terms and conditions as the commission may determine.

> Upon written motion of the commission staff, staff may also obtain the list of witnesses that the defendant intends to call to testify at the hearing, and inspect, copy, and photograph, at commission staff's expense, the evidence that the defendant intends to introduce into evidence at the hearing.
>
> The commission staff and the defendant shall be required to produce the information described above as directed by the commission or hearing examiner, but not later than 10 days prior to the scheduled hearing; and the admission of any additional evidence not provided in accordance herewith shall not be denied solely on the basis that it was not produced timely, provided the additional evidence was produced to commission staff or the defendant as soon as practicable prior to the hearing, or prior to the introduction of such evidence at the hearing. The requirement to produce the information described in this section shall be in addition to any requirement by commission staff or the defendant to timely respond to an interrogatory or document request made pursuant to 5VAC5-20-260.
>
> Nothing in this rule shall require the disclosure of any information, the disclosure of which is prohibited by statute or other legal privilege. The disclosure of the results of a commission staff investigation or work product of commission staff counsel shall not be required.

2. Depositions. After commencement of a proceeding to which this rule applies, the commission staff or a party may take the testimony of (i) a party, or (ii) a person not a party for good cause shown to the commission or hearing examiner, other than a member of the commission staff, by deposition on oral examination or by written questions. Depositions may be used for any purpose for which they may be used in the courts of record of the

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

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

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Adopted: September 1, 1974
Revised: May 1, 1985 by Case No. CLK850262
Revised: August 1, 1986 by Case No. CLK860572 and Repealed June 1, 2001 by Case No. CLK000311
Adopted: June 1, 2001 by Case No. CLK000311
Revised: January 15, 2008 by Case No. CLK-2007-00005
Revised: February 24, 2009 by Case No. CLK-2008-00002
Revised: August 9, 2011 by Case No. CLK-2011-00001

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LEADING MATTERS DISPOSED OF BY FORMAL ORDERS
BUREAU OF FINANCIAL INSTITUTIONS

CASE NO. BAN20180274
JANUARY 11, 2019

APPLICATION OF
UNION BANKSHARES CORPORATION

To acquire control of Access National Corporation

ORDER OF APPROVAL

Union Bankshares Corporation, a Virginia financial institution holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Access National Corporation, a Virginia financial institution holding company. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition. The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed acquisition.

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

Accordingly, IT IS ORDERED THAT the proposed acquisition of Access National Corporation by Union Bankshares Corporation is APPROVED, provided that: (i) 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; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

CASE NO. BAN20180277
JANUARY 11, 2019

APPLICATION OF
UNION BANK & TRUST

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

ORDER GRANTING AUTHORITY

Union Bank & Trust, a Virginia state-chartered bank, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-822 of the Code of Virginia, for a certificate of authority to conduct a banking and trust business following a merger with Access National Bank, a national bank headquartered in Reston, Virginia. Union Bank & Trust proposes to be the surviving bank in the merger and seeks authority to operate all of the currently authorized offices of the merging banks. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau"). The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed merger and granting a certificate of authority.

NOW THE COMMISSION, having considered the application, the report of the Bureau, and the Commissioner's recommendation, finds that: (1) the provisions of law have been complied with; (2) financially responsible individuals have subscribed for capital stock and surplus in an amount deemed by the Commission to be sufficient to warrant successful operation; (3) the public interest will be served by the banking facilities of the resulting bank in the communities where its offices will be located; (4) the oaths of all directors have been taken and filed in accordance with the provisions of § 6.2-863 of the Code of Virginia; (5) the resulting bank will conduct a legitimate banking business; (6) the moral fitness, financial responsibility, and business qualifications of those named as officers and directors of the resulting bank are such as to command the confidence of the community; and (7) the deposits of the resulting bank will be insured by the Federal Deposit Insurance Corporation.

Accordingly, IT IS ORDERED THAT the proposed merger of Access National Bank into Union Bank & Trust is APPROVED and a certificate of authority to conduct a banking and trust business is GRANTED to Union Bank & Trust, 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 1051 East Cary Street, Suite 1200, City of Richmond, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of Access National Bank listed in Attachment A. The Commission shall retain jurisdiction over this matter pending consummation of the transaction. The authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date.

CASE NO. BAN20180283
JANUARY 17, 2019

APPLICATION OF
AUTO EQUITY LOANS OF DE, LLC d/b/a AUTO EQUITY LOANS

For authority to establish an additional office

ORDER APPROVING AN ADDITIONAL OFFICE

Auto Equity Loans of DE, LLC d/b/a Auto Equity Loans, a licensed motor vehicle title lender ("Licensee"), 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 3235 Columbia Pike, Arlington, Virginia 22204. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the application and the report of the Bureau, finds that the application meets the criteria in § 6.2-2207 B of the Code of Virginia.

Accordingly, IT IS ORDERED THAT 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 location within ten (10) days thereafter.

CASE NO. BAN20180284
FEBRUARY 4, 2019

APPLICATION OF
AMERICAN NATIONAL BANKSHARES INC.

To acquire control of HomeTown Bankshares Corporation

ORDER OF APPROVAL

American National Bankshares Inc., a Virginia financial institution holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of HomeTown Bankshares Corporation, a Virginia financial institution holding company. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition. The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed acquisition.

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

Accordingly, IT IS ORDERED THAT the proposed acquisition of HomeTown Bankshares Corporation by American National Bankshares Inc. is APPROVED, provided that: (i) 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; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

CASE NOS. BAN20180286 & BAN20180287
JANUARY 11, 2019

APPLICATIONS OF
ACAC, INC. D/B/A APPROVED CASH

For authority to relocate an office

ORDER APPROVING RELOCATION OF AN OFFICE

ACAC, Inc. d/b/a Approved Cash, a licensed payday lender and motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapters 18 and 22 of Title 6.2 of the Code of Virginia, for authority to relocate an office from 544 E. Stuart Drive, Suite C, Galax, Virginia 24333 to 546 E. Stuart Drive, Suite C, Galax, Virginia 24333. The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau").

NOW THE COMMISSION, having considered the applications and report of the Bureau, finds that the applications meet the criteria in §§ 6.2-1807 C and 6.2-2207 B of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the applications are APPROVED provided that the Licensee relocates 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 location within ten (10) days thereafter.

CASE NO. BAN20190019
MARCH 19, 2019

APPLICATION OF
DELMAR BANCORP

To acquire control of Virginia Partners Bank

ORDER OF APPROVAL

Delmar Bancorp, an out-of-state bank holding company with headquarters in Salisbury, Maryland, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Virginia Partners Bank, a Virginia state-chartered bank. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition. The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed acquisition.

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

Accordingly, IT IS ORDERED THAT the proposed acquisition of Virginia Partners Bank by Delmar Bancorp is APPROVED, provided that: (i) 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; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

CASE NO. BAN20190034
MAY 30, 2019

APPLICATION OF
TRUSTAR BANK

For a certificate of authority to begin business as a bank at 774A Walker Road, Suite 220, Great Falls, Fairfax County, Virginia

ORDER GRANTING AUTHORITY

Trustar Bank, a Virginia corporation, has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 8 of Title 6.2 of the Code of Virginia, for a certificate of authority to begin business as a bank at 774A Walker Road, Suite 220, Great Falls, Fairfax County, Virginia. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau"). The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order granting a certificate of authority.

NOW THE COMMISSION, having considered the application, the report of the Bureau, and the Commissioner's recommendation, finds that the application meets the criteria in § 6.2-816 of the Code of Virginia.

Accordingly, IT IS ORDERED that a certificate of authority for Trustar Bank to conduct a banking business at the specified location is GRANTED, provided that the following conditions are met before the bank opens for business:

(1) Capital funds totaling not less than $50,000,000 are paid in to the bank, of which not less than $25,000,000 shall be allocated to capital stock and not less than $25,000,000 shall be allocated to surplus;

(2) The bank actually obtains insurance for its deposits from the Federal Deposit Insurance Corporation;

(3) The Commissioner approves the bank's appointment of a chief executive officer; and

(4) The bank notifies the Commissioner of the date that it will open for business. The authority granted herein shall expire one (1) year from the date of this Order unless extended by Commission order prior to the expiration date.

CASE NO. BAN20190041
APRIL 1, 2019

REQUEST BY
FAUQUIER HABITAT FOR HUMANITY, INC.

To be designated as a bona fide nonprofit organization

ORDER GRANTING DESIGNATION

Fauquier Habitat for Humanity, Inc., a Virginia corporation, has requested that the State Corporation Commission ("Commission") designate it as a bona fide nonprofit organization pursuant to § 6.2-1701.1 of the Code of Virginia and 10 VAC 5-161-75 of the Commission's rules governing mortgage loan originators, 10 VAC 5-161-10 *et seq*. ("Rules"). The request was investigated by the Commission's Bureau of Financial Institutions ("Bureau"). The Commissioner of Financial Institutions ("Commissioner") has recommended that Fauquier Habitat for Humanity, Inc. be designated as a bona fide nonprofit organization for purposes of Chapter 17 of Title 6.2 of the Code of Virginia and the Commission's Rules.

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

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

CASE NO. BAN20190049
MAY 9, 2019

APPLICATION OF
MARTINSVILLE DU PONT EMPLOYEES CREDIT UNION, INCORPORATED D/B/A VALLEYSTAR CREDIT UNION

To merge with Entrust Financial Credit Union

ORDER APPROVING A MERGER

Martinsville Du Pont Employees Credit Union, Incorporated d/b/a ValleyStar Credit Union ("Applicant"), a Virginia state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-1344 of the Code of Virginia, to merge with Entrust Financial Credit Union, a Virginia state-chartered credit union. The Applicant will be the survivor of the proposed merger. The application was investigated by the Bureau of Financial Institutions ("Bureau"). The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed merger.

NOW THE COMMISSION, having considered the application, the Bureau's report, and the Commissioner's recommendation, finds that: (1) the application meets the requirements of the field of membership exemption set forth in § 6.2-1344 B of the Code of Virginia; (2) the plan of merger will promote the best interests of the members of the credit unions; and (3) the members of Entrust Financial Credit Union and the board of directors of the Applicant have approved the plan of merger in accordance with applicable law.

Accordingly, IT IS ORDERED THAT, provided the merging credit unions comply with the applicable provisions of the Virginia Nonstock Corporation Act, § 13.1-801 *et seq.* of the Code of Virginia, the proposed merger of Entrust Financial Credit Union into the Applicant is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. Following the merger, the Applicant shall be authorized to operate a service facility, in addition to its current service facilities, at what is now the office of Entrust Financial Credit Union at 1801 Dabney Road, Richmond, Virginia 23230. The Commission shall retain jurisdiction over this matter pending consummation of the transaction. The authority granted herein shall expire one (1) year from the date of this Order unless extended by order of the Commission prior to the expiration date.

CASE NOS. BAN20190067 & BAN20190068
MAY 9, 2019

APPLICATIONS OF
ACAC, INC. D/B/A APPROVED CASH

For authority to relocate an office

ORDER APPROVING RELOCATION OF AN OFFICE

ACAC, Inc. d/b/a Approved Cash, a licensed payday lender and motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapters 18 and 22 of Title 6.2 of the Code of Virginia, for authority to relocate an office from 829 West Constance Road, Unit 7, Suffolk, Virginia 23434 to 1447 North Main Street, Suffolk, Virginia 23434. The applications were investigated by the Commission's Bureau of Financial Institutions ("Bureau"). The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed relocation.

NOW THE COMMISSION, having considered the applications, report of the Bureau, and the Commissioner's recommendation, finds that the applications meet the criteria in §§ 6.2-1807 C and 6.2-2207 B of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the applications are APPROVED provided that the Licensee relocates 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 location within ten (10) days thereafter.

CASE NO. BAN20190087
DECEMBER 18, 2019

APPLICATION OF
BEACON CREDIT UNION, INCORPORATED

To merge with N.C.S.E. Credit Union, Inc.

ORDER APPROVING A MERGER

Beacon Credit Union, Incorporated ("Applicant"), a Virginia state-chartered credit union, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-1344 of the Code of Virginia, to merge with N.C.S.E. Credit Union, Inc., a Virginia state-chartered credit union. The Applicant will be the survivor of the proposed merger. The application was investigated by the Bureau of Financial Institutions ("Bureau"). The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed merger.

NOW THE COMMISSION, having considered the application, the report of the Bureau, and the Commissioner's recommendation, finds that: (1) the application meets the requirements of the field of membership exemption set forth in § 6.2-1344 B of the Code of Virginia; (2) the plan of merger will promote the best interests of the members of the credit unions; and (3) the members of N.C.S.E. Credit Union, Inc. and the board of directors of the Applicant have approved the plan of merger in accordance with applicable law.

Accordingly, IT IS ORDERED THAT, provided the merging credit unions comply with the applicable provisions of the Virginia Nonstock Corporation Act, § 13.1-801 *et seq.* of the Code of Virginia, the proposed merger of N.C.S.E. Credit Union, Inc. into the Applicant is APPROVED, effective upon the issuance by the Clerk of the Commission of a certificate of merger. Following the merger, the Applicant shall be authorized to operate a service facility, in addition to its current service facilities, at what is now the office of N.C.S.E. Credit Union, Inc. at 6919 Thomas Nelson Highway, Lovingston, Virginia 22949. The Commission shall retain jurisdiction over this matter pending consummation of the transaction. The authority granted herein shall expire one (1) year from the date of this Order unless extended by order of the Commission prior to the expiration date.

CASE NO. BAN20190106
AUGUST 9, 2019

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

For authority to relocate an office

ORDER APPROVING RELOCATION OF AN OFFICE

Justin Enterprises, Inc. d/b/a Cash to Payday, a licensed payday lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 18 of Title 6.2 of the Code of Virginia, for authority to relocate an office from 650 E. Main Street, Suite A, Wytheville, Virginia 24382 to 775 E. Main Street, Wytheville, Virginia 24382. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau"). The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed relocation.

NOW THE COMMISSION, having considered the application, report of the Bureau, and the Commissioner's recommendation, finds that the application meets the criteria in § 6.2-1807 C of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the application is APPROVED provided that the Licensee relocates 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 location within ten (10) days thereafter.

CASE NO. BAN20190109
AUGUST 30, 2019

APPLICATION OF
INTERNACIONAL AMC CORPORATION

For authority to relocate an office

ORDER APPROVING RELOCATION OF AN OFFICE

Internacional AMC Corporation, a licensed motor vehicle title lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 22 of Title 6.2 of the Code of Virginia, for authority to relocate an office from 8628 Centreville Road, Suite 201, Manassas, Virginia 20110 to 8317 Centreville Road, Suite 305, Manassas, Virginia 20111. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau"). The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed relocation.

NOW THE COMMISSION, having considered the application and report of the Bureau, finds that the application meets the criteria in § 6.2-2207 B of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the application is APPROVED provided that the Licensee relocates 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 location within ten (10) days thereafter.

CASE NO. BAN20190139
OCTOBER 11, 2019

APPLICATION OF
BLUE RIDGE BANKSHARES, INC.

To acquire control of Virginia Community Bankshares, Inc.

ORDER OF APPROVAL

Blue Ridge Bankshares, Inc., a Virginia financial institution holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Virginia Community Bankshares, Inc., a Virginia financial institution holding company. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition. The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed acquisition.

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

Accordingly, IT IS ORDERED THAT the proposed acquisition of Virginia Community Bankshares, Inc. by Blue Ridge Bankshares, Inc. is APPROVED, provided that: (i) 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; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

CASE NO. BAN20190144
OCTOBER 3, 2019

APPLICATION OF
POPULUS FINANCIAL GROUP, INC. D/B/A ACE CASH EXPRESS

For authority to relocate an office

ORDER APPROVING RELOCATION OF AN OFFICE WITH AN ADMONITION

Populus Financial Group, Inc. d/b/a ACE Cash Express, a licensed payday lender ("Licensee"), has applied to the State Corporation Commission ("Commission"), pursuant to Chapter 18 of Title 6.2 of the Code of Virginia, for authority to relocate an office from 2154 Wards Road, Suite A, Lynchburg, Virginia 24502 to 2126 Wards Road, Lynchburg, Virginia 24502. Upon investigation of the application by the Commission's Bureau of Financial Institutions ("Bureau"), it was found that the office had been relocated without the approval required by § 6.2-1807 C of the Code of Virginia but that the conditions in that statute for approval of the application were otherwise met. The Commissioner of Financial Institutions has recommended that the application be approved with an admonition.

Accordingly, IT IS ORDERED THAT:

(1) The application to relocate the office is APPROVED.

(2) The Licensee is admonished that further violations of § 6.2-1807 C of the Code of Virginia may result in the imposition of civil penalties under § 6.2-1824 of the Code of Virginia or other appropriate enforcement action.

CASE NO. BAN20190154
DECEMBER 17, 2019

APPLICATION OF
FIRST COMMUNITY BANK

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

ORDER GRANTING AUTHORITY

First Community Bank, a Virginia state-chartered bank with trust powers, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-822 of the Code of Virginia, for a certificate of authority to conduct a banking and trust business following a merger with Highlands Union Bank, a Virginia state-chartered bank. First Community Bank proposes to be the surviving bank in the merger and seeks authority to operate all of the currently authorized offices of the merging banks. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau"). The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed merger and granting a certificate of authority.

NOW THE COMMISSION, having considered the application, the report of the Bureau, and the Commissioner's recommendation, finds that the application meets the criteria in § 6.2-816 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the proposed merger of Highlands Union Bank into First Community Bank is APPROVED and a certificate of authority to conduct a banking and trust business is GRANTED to First Community 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 29 College Drive, Bluefield, Tazewell County, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of Highlands Union Bank listed in Attachment A. The Commission shall retain jurisdiction over this matter pending consummation of the transaction. 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.

EXHIBIT A

AUTHORIZED OFFICES OF HIGHLANDS UNION BANK

(1) 115 Main Street East, Banner Elk, North Carolina
(2) 1013 Highway 105, Boone, North Carolina
(3) 2217 Highway 394, Blountville, Tennessee
(4) 7570 Mountain Grove Drive, Knoxville, Tennessee
(5) 4020 Highway 66 South, Rogersville, Tennessee
(6) 113 Hardin Lane, Sevierville, Tennessee
(7) 1824 Veterans Boulevard, Sevierville, Tennessee
(8) 340 West Main Street, Abingdon, Washington County, Virginia
(9) 24412 Maringo Road, Abingdon, Washington County, Virginia
(10) 164 Old Jonesboro Road, Abingdon, Washington County, Virginia
(11) 999 Old Airport Road, City of Bristol, Virginia
(12) 821 Commonwealth Avenue, City of Bristol, Virginia
(13) 506 Maple Street, Glade Spring, Washington County, Virginia
(14) 1425 North Main Street, Marion, Smyth County, Virginia

CASE NO. BAN20190155
DECEMBER 17, 2019

APPLICATION OF
FIRST COMMUNITY BANKSHARES , INC.

To acquire control of Highlands Bankshares, Inc.

ORDER OF APPROVAL

First Community Bankshares, Inc., a Virginia financial institution holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Highlands Bankshares, Inc., a Virginia financial institution holding company. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition. The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed acquisition.

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

Accordingly, IT IS ORDERED THAT the proposed acquisition of Highlands Bankshares, Inc. by First Community Bankshares, Inc. is APPROVED, provided that: (i) 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; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

CASE NO. BAN20190157
DECEMBER 18, 2019

APPLICATION OF
C&F FINANCIAL CORPORATION

To acquire control of Peoples Bankshares, Incorporated

ORDER OF APPROVAL

C&F Financial Corporation, a Virginia financial institution holding company, has filed with the State Corporation Commission ("Commission") the application required by § 6.2-704 of the Code of Virginia to acquire control of Peoples Bankshares, Incorporated, a Virginia financial institution holding company. The Commission's Bureau of Financial Institutions ("Bureau") investigated the proposed acquisition. The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed acquisition.

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

Accordingly, IT IS ORDERED THAT the proposed acquisition of Peoples Bankshares, Incorporated by C&F Financial Corporation is APPROVED, provided that: (i) 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; and (ii) the applicant notifies the Bureau of the effective date of the transaction within ten (10) days thereof. The Commission shall retain jurisdiction over this matter pending consummation of the transaction.

CASE NO. BAN20190158
DECEMBER 18, 2019

APPLICATION OF
CITIZENS AND FARMERS BANK

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

ORDER GRANTING AUTHORITY

Citizens and Farmers Bank, a Virginia state-chartered bank, has applied to the State Corporation Commission ("Commission"), pursuant to § 6.2-822 of the Code of Virginia, for a certificate of authority to conduct a banking business following a merger with Peoples Community Bank, a Virginia state-chartered bank. Citizens and Farmers Bank proposes to be the surviving bank in the merger and seeks authority to operate all of the currently authorized offices of the merging banks. The application was investigated by the Commission's Bureau of Financial Institutions ("Bureau"). The Commissioner of Financial Institutions ("Commissioner") has recommended that the Commission enter an order approving the proposed merger and granting a certificate of authority.

NOW THE COMMISSION, having considered the application, the report of the Bureau, and the Commissioner's recommendation, finds that the application meets the criteria in § 6.2-816 of the Code of Virginia.

Accordingly, IT IS ORDERED THAT the proposed merger of Peoples Community Bank into Citizens and Farmers Bank is APPROVED and a certificate of authority to conduct a banking business is GRANTED to Citizens and Farmers Bank, effective upon the issuance by the Clerk of the Commission of a certificate of merger in the proposed transaction. The resulting bank is authorized to operate a main office at 802 Main Street, City of West Point, Virginia, and is authorized to maintain and operate, in addition to its current offices and facilities, the offices of Peoples Community Bank listed in Attachment A. The Commission shall retain jurisdiction over this matter pending consummation of the transaction. 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.

ATTACHMENT A

AUTHORIZED OFFICES OF PEOPLES COMMUNITY BANK

(1) 15960 Kings Highway, Montross, Westmoreland County, Virginia
(2) 5082 James Madison Parkway, King George County, Virginia
(3) 175 Kings Highway, Stafford County, Virginia
(4) 8065 Kings Highway, King George County, Virginia
(5) 4593 Richmond Road, Warsaw, Richmond County, Virginia

CASE NO. BFI-2018-00018
SEPTEMBER 3, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
GUARANTEED PAYDAY LOANS L.L.C.,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Guaranteed Payday Loans L.L.C. ("Defendant") is licensed to engage in business as a payday lender under Chapter 18 of Title 6.2 of the Code of Virginia ("Code"); that the Commission entered a Settlement Order in this case on October 12, 2018, requiring the Defendant to pay a civil penalty in two installments of Four Hundred Dollars ($400); and that the Defendant failed to pay the second installment, which was due on May 1, 2019. The Commissioner has further reported that the Defendant failed to maintain its surety bond in continuous effect, in violation of § 6.2-1804 of the Code; and that the Defendant failed to afford the Bureau of Financial Institutions ("Bureau") full access to all premises, books, records, and information deemed necessary to complete an examination, in violation of § 6.2-1813 of the Code. The Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on July 10, 2019, (1) of his intention to recommend revocation of the Defendant's license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before August 10, 2019. As of the date of this Order, the Defendant has not (i) complied with the terms of the Settlement Order, (ii) filed a new surety bond or reinstatement notice with the Bureau, or (iii) afforded the Bureau full access to all premises, books, records, and information deemed necessary by the Bureau to complete its examination, and the Commission has not received a written request for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a payday lender.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has violated the terms of its Settlement Order as well as §§ 6.2-1804 and 6.2-1813 of the Code.

Accordingly, IT IS ORDERED THAT:

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

(2) This case is dismissed.

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

CASE NO. BFI-2018-00019
APRIL 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ROBERTO JARAMILLO,
Defendant

ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that on January 30, 2018, Roberto Jaramillo ("Defendant") of Richmond, Virginia, pled guilty in the United States District Court, Eastern District of Virginia (Richmond Division) ("U.S. District Court"), to the felony of wire fraud in violation of 18 U.S.C. § 1343; and that in the opinion of the Commissioner, the criminal plea involved an offense reasonably related to the qualifications, functions, or duties of a person employed by, or in a position of management or control of, a mortgage lender or mortgage broker licensed under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"). Following an initial exchange of communications in 2018 relating to the Commissioner's plan to seek an order from the Commission pursuant to § 6.2-1620 of the Code, the Defendant was sentenced by the U.S. District Court to prison for a term of 33 months.

On March 5, 2019, the Commissioner gave written notice to the Defendant by first class mail (1) of his intention to proceed with his recommendation to the Commission that the Defendant be barred, pursuant to § 6.2-1620 of the Code, from any position of employment, management, or control of any licensed mortgage lender or mortgage broker; and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before April 5, 2019. On April 5, 2019, the Defendant filed a response to the Commissioner's letter but the Defendant did not request a hearing.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, finds that the Defendant has pled guilty to a felony that involved an offense reasonably related to the qualifications, functions, or duties of a person employed by, or in a position of management or control of, a licensed mortgage lender or mortgage broker.

Accordingly, IT IS ORDERED THAT:

(1) The Defendant is barred from any position of employment, management, or control of any licensed mortgage lender or mortgage broker.

(2) This case is dismissed.

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

CASE NO. BFI-2018-00028
DECEMBER 31, 2019

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

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Lifetime Mortgage, Inc. ("Lifetime") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that Lifetime was examined by the Bureau of Financial Institutions ("Bureau") on November 27, 2017, pursuant to § 6.2-1611 of the Code ("Examination"); that Bobbi Jo Fleming ("Ms. Fleming") is the sole owner and senior officer of Lifetime and that as a result of the Examination the Bureau alleged that Lifetime violated §§ 6.2-1607 A and 6.2-1609 A of the Code and 10 VAC 5-160-20, 10 VAC 5-160-25 D, 10 VAC 5-160-50 C, 10 VAC 5-160-90 B, 10 VAC 5-160-90 C, and 10 VAC 5-160-90 D of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.* Upon being informed that the Commissioner intended to recommend various enforcement remedies, including revocation of Lifetime's mortgage broker license, Lifetime, through Ms. Fleming, offered to settle this case by (i) surrendering Lifetime's mortgage broker license; (ii) an agreement by Lifetime and Ms. Fleming that Ms. Fleming shall not serve as a senior officer, director, member, or principal of any person licensed or required to be licensed under Title 6.2 of the Code for a period of three years, except that this agreement shall not, in and of itself, bar Ms. Fleming from applying for or obtaining (should the Bureau deem appropriate) a mortgage loan originator license pursuant to Chapter 17 of Title 6.2 of the Code; (iii) abiding by the provisions of this Settlement Order ("Order"); and (iv) waiving the rights to a hearing in this case. The Commissioner has recommended that the Commission accept the offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

(1) The offer in settlement of this case, as presented by Lifetime through its sole owner, Ms. Fleming, is accepted.

(2) Ms. Fleming shall not serve as a senior officer, director, member, or principal of any person licensed or required to be licensed under Title 6.2 of the Code for a period of three years from the date of this Order, though as discussed above, Ms. Fleming is not barred from applying for, or obtaining should the Bureau deem appropriate, a mortgage loan originator license pursuant to Chapter 17 of Title 6.2 of the Code.

(3) Lifetime and Ms. Fleming shall comply with Title 6.2 of the Code and the regulations adopted by the Commission pursuant thereto.

(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 failure to comply with the terms, representations and undertakings of the settlement.

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

CASE NO. BFI-2018-00038
MARCH 12, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
INDUSTRIAL LOAN COMPANY,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Industrial Loan Company ("Defendant") is authorized to engage in business as an industrial loan association under Chapter 14 of Title 6.2 (§ 6.2-1400 *et seq.*) of the Code of Virginia ("Code"); that the Commission's Bureau of Financial Institutions ("Bureau") completed an examination of the Defendant on May 23, 2018, and as a result of the examination alleged that the Defendant had violated § 6.2-1403 A of the Code as well as 10 VAC 5-50-20 B of the Commission's rules governing Industrial Loan Associations, 10 VAC 5-50-10 *et seq.* ("Rules"); that the Bureau further alleged that the Defendant had failed to provide all of the

records and information that the Bureau requested on June 25, 2018, in violation of § 6.2-1413 of the Code; and that upon being informed that the Commissioner intended to recommend that the Defendant's certificate of authority be revoked, the Defendant offered to settle this case by paying a civil penalty in the sum of Seven Thousand Five Hundred Dollars ($7,500) and abiding by the provisions of this Order, tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendant shall comply with Chapter 14 of Title 6.2 of the Code and the Commission's Rules.

(3) This case is dismissed.

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

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

CASE NO. BFI-2018-00086
JANUARY 30, 2019

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Vernam Mortgage Professionals LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that the Defendant failed to file several quarterly mortgage call reports and a mortgage call report pertaining to its financial condition in the Nationwide Mortgage Licensing System and Registry, in violation of 10 VAC 5-160-90 B of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.* ("Rules"); and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on October 22, 2018, (1) of his intention to recommend revocation of the Defendant's license, and (2) that a written request for a hearing was required to be filed in the Office of the Clerk on or before November 26, 2018. As of the date of this Order, the Defendant has not filed its mortgage call reports, and the Commission has not received a written request for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has violated 10 VAC 5-160-90 B of the Commission's Rules.

Accordingly, IT IS ORDERED THAT:

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

(2) This case is dismissed.

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

CASE NO. BFI-2018-00088
JANUARY 29, 2019

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

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Champions Mortgage Inc. ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 (§ 6.2-1600 *et seq.*) of the Code of Virginia; that the Commission's Bureau of Financial Institutions ("Bureau") alleged that the Defendant had violated §§ 6.2-1616 B, 6.2-1607 A, 6.2-1609 C, and 6.2-1612 B of the Code of Virginia and 10 VAC 5-160-60, 10 VAC 5-160-20, 10 VAC 5-160-50, and 10 VAC 5-160-90 of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.*; and that upon being informed that the Commissioner intended to recommend revocation of the Defendant's license, the Defendant offered to settle this case by surrendering its license to engage in business as a mortgage broker, surrendered said license, and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code 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-2019-00001
SEPTEMBER 26, 2019

PETITION OF
DANIEL MCDONALD AND SECURITY TRUST MORTGAGE, L.L.C.

For approval of mortgage loan originator license and reinstatement of mortgage broker license MC-4505 for Security Trust Mortgage, L.L.C.

FINAL ORDER

On January 8, 2019, Daniel McDonald ("McDonald") filed with the State Corporation Commission ("Commission") a document contesting the denial by the Bureau of Financial Institutions ("Bureau") of McDonald's application for a mortgage loan originator license and Security Trust Mortgage, L.L.C.'s ("Security Trust") application for reinstatement of a mortgage broker license.

On April 26, 2019, the Commission issued a Scheduling Order establishing a hearing date of August 27, 2019, and setting certain deadlines for pleadings to be filed and exhibits and witness names to be exchanged between the parties. In its Scheduling Order, the Commission assigned a Hearing Examiner to conduct all further proceedings on behalf of the Commission and file a Final Report. Pursuant to the Scheduling Order, McDonald and Security Trust (collectively, the "Petitioners"), by counsel, filed a Petition on May 10, 2019 ("Petition").

On July 29, 2019, the Hearing Examiner issued a Ruling granting the Bureau's Motion for a Continuance of the Hearing Date from August 27, 2019 until October 10, 2019.

On August 29, 2019, Petitioners filed their Withdrawal of Petition and Request for the Hearing in the Matter to be Removed from the Docket and This Matter Be Dismissed ("Motion"). Through their Motion, Petitioners withdrew their Petition and requested the scheduled hearing be removed from the docket and this matter be dismissed.

On August 30, 2019, the Hearing Examiner issued her Report ("Report") recommending that the Petitioners' Motion should be granted, that the Commission should cancel and remove the scheduled October 10, 2019 hearing from the docket and dismiss this matter, and dispensing with the need for any comments on her Report, given the Petitioners' withdrawal of the Petition and her recommendation for dismissal of the matter.

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

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the August 30, 2019 Hearing Examiner's Report are hereby adopted.

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

CASE NO. BFI-2019-00005
JUNE 11, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
CHRISTAL LYNN WILLIAMS A/K/A CHRISTAL DUNN,
Defendant

ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that on August 21, 2018, Christal Lynn Williams a/k/a Christal Dunn ("Defendant") of Lakewood, California, was convicted in the Superior Court of California, County of Los Angeles, of grand theft in violation of California Penal Code § 487, and on September 27, 2018, in the Superior Court of California, County of Los Angeles, a judgment was entered against the Defendant and the Defendant was held liable in a civil action; and that in the opinion of the Commissioner, the conviction and the holding in the civil action involved an offense reasonably related to the qualifications, functions, or duties of a person employed by, or in a position of management or control of, a mortgage lender or mortgage broker licensed under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"). On February 13, 2019, the Commissioner gave written notice to the Defendant by first class and certified mail of his intention to seek an order from the Commission (1) barring the Defendant from any position of employment, management, or control of any licensed mortgage lender or mortgage broker pursuant to § 6.2-1620 of the Code, and (2) revoking the Defendant's mortgage loan originator license pursuant to § 6.2-1716 of the Code. The Commissioner also notified the Defendant that a written request for a hearing was required to be filed in the Office of the Clerk on or before March 13, 2019. As of the date of this Order, no request for a hearing was received or filed.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, finds that the Defendant has been convicted of grand theft and has been held liable in a civil action that involved an offense reasonably related to the qualifications, functions, or duties of a person employed by, or in a position of management or control of, a licensed mortgage lender or mortgage broker.

Accordingly, IT IS ORDERED THAT:

(1) The Defendant is barred from any position of employment, management, or control of any licensed mortgage lender or mortgage broker.

(2) The license granted to the Defendant to engage in business as a mortgage loan originator is hereby revoked.

(3) This case is dismissed.

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

CASE NO. BFI-2019-00007
MARCH 11, 2019

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

Ex Parte: In re: database inquiry fee

ORDER MODIFYING DATABASE INQUIRY FEE

Section 6.2-1810 B 4 of the Code of Virginia requires every payday lender licensed under Chapter 18 of Title 6.2 of the Code of Virginia ("licensee") to pay a database inquiry fee to the database provider in order to defray the cost of submitting an inquiry to the payday lending database. Rule 10 VAC 5-200-115 of the State Corporation Commission's ("Commission") rules governing payday lending, 10 VAC 5-200-10 *et seq*., provides that the amount of the database inquiry fee shall not exceed $5 per loan. On October 16, 2008, the Commission entered an Order establishing a database inquiry fee of $0.68 per consummated payday loan, which became effective on January 1, 2009.[1] On June 1, 2012, the Commission entered an Order increasing the database inquiry fee to $1.24 per consummated payday loan, which became effective on July 1, 2012.[2] Section 6.2-1817 C of the Code of Virginia permits licensees to charge borrowers a verification fee of up to $5 per loan, which is used in part to defray the cost of the database inquiry fee.

The database provider, Veritec Solutions, LLC ("Veritec"), has requested that the Commission increase the database inquiry fee from $1.24 per consummated payday loan to $1.98 per consummated payday loan, and that such increase become effective on March 31, 2019. In support of its request, Veritec reports that its expenses are escalating and payday lending volume in Virginia has declined substantially.[3] The Commissioner of Financial Institutions ("Commissioner") has reviewed Veritec's request and recommended that the Commission modify the database inquiry fee.

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[1] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In re: database inquiry fee*, Case No. BFI-2008-00373, 2008 S.C.C. Ann. Rept. 121, Order Establishing Database Inquiry Fee (Oct. 16, 2008).

[2] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In re: database inquiry fee*, Case No. BFI-2012-00030, 2012 S.C.C. Ann. Rept. 28, Order Modifying Database Inquiry Fee (June 1, 2012).

[3] According to Veritec, payday lending volume in Virginia dropped from 486,303 loans in 2011 to 309,629 loans in 2017.

NOW THE COMMISSION, having considered the information supplied by Veritec and the recommendation of the Commissioner, finds that the amount of the database inquiry fee should be increased to $1.98 per consummated payday loan, and that such amount bears a reasonable relationship to the actual cost of operating the database.

Accordingly, IT IS ORDERED THAT:

(1) Beginning on March 31, 2019, every licensee shall pay a database inquiry fee of $1.98 per consummated payday loan; and

(2) All database inquiry fees shall be remitted by each licensee directly to Veritec on a weekly basis.

(3) This case is dismissed.

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

CASE NO. BFI-2019-00010
MAY 1, 2019

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

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Reverse Mortgage Corporation ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia; that the Defendant failed to file its quarterly mortgage call report through the Nationwide Mortgage Licensing System and Registry, in violation of 10 VAC 5-160-90 B of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.* ("Rules"); and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on March 15, 2019, (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, 2019. As of the date of this Order, the Defendant has not filed its delinquent quarterly mortgage call report, and the Commission has not received a written request for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has violated 10 VAC 5-160-90 B of the Commission's Rules.

Accordingly, IT IS ORDERED THAT:

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

(2) This case is dismissed.

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

CASE NO. BFI-2019-00011
MAY 22, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
BOLE INC. (USED IN VIRGINIA BY: ATLANTIC INTERNATIONAL INC),
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Bole Inc. (Used in Virginia by: Atlantic International Inc) ("Defendant") is licensed to engage in business as a money order seller and money transmitter under Chapter 19 of Title 6.2 of the Code of Virginia ("Code"); that the Defendant failed to afford the Bureau of Financial Institutions ("Bureau") full access to its books, records, and information, in violation of § 6.2-1910 B of the Code; that despite repeated requests from the Bureau, the Defendant failed to provide the Bureau with documents it needed for its examination of the Defendant, in violation of 10 VAC 5-120-60 A of the Commission's rules governing Money Order Sellers and Money Transmitters, 10 VAC 5-120-10 *et seq.* ("Rules"); that the Defendant refused to permit an examination by the Bureau, which is an additional basis for license revocation under § 6.2-1907 of the Code; and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on March 27, 2019, (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 27, 2019. As of the date of this Order, the Commission has not received a written request for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a money order seller and money transmitter.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has (i) violated § 6.2-1910 B of the Code and 10 VAC 5-120-60 A of the Commission's Rules; and (ii) refused to permit an examination by the Bureau.

Accordingly, IT IS ORDERED THAT:

(1) The license granted to the Defendant to engage in business as a money order seller and money transmitter is hereby revoked.

(2) This case is dismissed.

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

CASE NO. BFI-2019-00014
AUGUST 9, 2019

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

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Apex Mortgage LLC ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.2 (§ 6.2-1600 *et seq.*) of the Code of Virginia ("Code"); that the Commission's Bureau of Financial Institutions completed an examination of the Defendant on November 13, 2018, and as a result of the examination alleged that the Defendant had violated §§ 6.2-1611 and 6.2-1614 (1) of the Code as well as 10 VAC 5-160-20 (6), 10 VAC 5-160-20 (7), and 10 VAC 5-160-90 B of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq*. ("Rules"); and that upon being informed that the Commissioner intended to recommend the imposition of a civil penalty, the Defendant offered to settle this case by paying a civil penalty in the sum of Thirteen Thousand Dollars ($13,000) and abiding by the provisions of this Order, tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendant shall comply with Chapter 16 of Title 6.2 of the Code and the Commission's Rules.

(3) This case is dismissed.

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

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

CASE NO. BFI-2019-00016
MAY 21, 2019

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

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

ORDER TO TAKE NOTICE

Section 6.2-1913 of the Code of Virginia provides that the State Corporation Commission ("Commission") shall adopt such regulations as it deems appropriate to effect the purposes of Chapter 19 (§ 6.2-1900 *et seq.*) of Title 6.2 of the Code of Virginia ("Chapter 19"). The Commission's regulations governing money order sellers and money transmitters who are licensed under Chapter 19 ("licensees") are set forth in Chapter 120 of Title 10 of the Virginia Administrative Code ("Chapter 120").

The Bureau of Financial Institutions ("Bureau") has submitted to the Commission proposed amendments to Chapter 120. The primary impetus for the proposed amendments is Chapter 634 of the 2019 Virginia Acts of Assembly, which will become effective on July 1, 2019, and require all licensees to register with the Nationwide Multistate Licensing System and Registry ("NMLS"). The proposed regulations set forth the requirements for current licensees to transition to NMLS and for other persons seeking licensure under Chapter 19 to submit their applications through NMLS. In addition, the

proposal requires licensees to maintain current information in their NMLS records and clarifies that all licenses must be renewed annually between November 1 and December 31. The proposed regulations also: (i) replace the existing reporting requirements in subsections A and B of 10 VAC 5-120-40 with a requirement that licensees file quarterly call reports through NMLS along with information concerning their financial condition; (ii) prescribe the time period within which licensees must file the audited financial statements required by § 6.2-1905 D of the Code of Virginia; (iii) require the authorized delegate information specified in § 6.2-1917 B of the Code of Virginia to be submitted through the agent reporting functionality in NMLS; (iv) specify that the annual assessment will be calculated using the information reported by licensees in their quarterly call reports or other written reports that may be required by the Commissioner of Financial Institutions; and (v) provide that if the Bureau requests information from an applicant to complete a deficient application and such information is not received within 60 days of the Bureau's request, the application will be deemed abandoned unless an extension of time is requested and approved prior to the expiration of the 60-day period. Various technical and conforming amendments have also been proposed.

NOW THE COMMISSION, based on the information supplied by the Bureau, is of the opinion and finds that the proposed regulations should be considered for adoption with a proposed effective date of July 1, 2019.

Accordingly, IT IS ORDERED THAT:

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

(2) Comments or requests for a hearing on the proposed regulations must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before June 21, 2019. 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-2019-00016. Interested persons desiring to submit comments or request a hearing electronically may do so by following the instructions available at the Commission's website: http://www.scc.virginia.gov/case.

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

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

NOTE: A copy of the proposed regulations 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-2019-00016
JULY 1, 2019

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

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

ORDER ADOPTING REGULATIONS

On May 21, 2019, the State Corporation Commission ("Commission") entered an Order to Take Notice of a proposal by the Bureau of Financial Institutions ("Bureau") to amend the Commission's regulations governing licensed money order sellers and money transmitters ("licensees"), which are set forth in Chapter 120 of Title 10 of the Virginia Administrative Code ("Chapter 120").

The proposed amendments to Chapter 120 were prompted by Chapter 634 of the 2019 Virginia Acts of Assembly, which became effective on July 1, 2019, and requires all licensees to register with the Nationwide Multistate Licensing System and Registry ("NMLS"). The proposal sets forth the requirements for current licensees to transition to NMLS and for other persons seeking a license under Chapter 19 of Title 6.2 of the Code of Virginia to submit their applications through NMLS. Additionally, the proposed regulations require licensees to maintain current information in their NMLS records and clarify that all licenses must be renewed annually between November 1 and December 31. The proposal also: (i) replaces the existing reporting requirements in subsections A and B of 10 VAC 5-120-40 with a requirement that licensees file quarterly call reports through NMLS along with information concerning their financial condition; (ii) prescribes the time period within which licensees must file the audited financial statements required by § 6.2-1905 D of the Code of Virginia; (iii) requires the authorized delegate information specified in § 6.2-1917 B of the Code of Virginia to be submitted through the agent reporting functionality in NMLS; (iv) specifies that the annual assessment will be calculated using the information reported by licensees in their quarterly call reports or other written reports that may be required by the Commissioner of Financial Institutions; and (v) provides that if the Bureau requests information from an applicant to complete a deficient application and such information is not received within 60 days of the Bureau's request, the application will be deemed abandoned unless an extension of time is requested and approved prior to the expiration of the 60-day period. Various technical and conforming amendments were also proposed.

The Order to Take Notice and proposed regulations were published in the *Virginia Register of Regulations* on June 10, 2019, posted on the Commission's website, and sent 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 21, 2019. No comments or requests for a hearing were filed.

NOW THE COMMISSION, having considered the proposed regulations, the record herein, and applicable law, concludes that the proposed regulations should be adopted as proposed with an effective date of July 15, 2019.

Accordingly, IT IS ORDERED THAT:

(1) The proposed regulations, as attached hereto, are adopted effective July 15, 2019.

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

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

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

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

CASE NO. BFI-2019-00021
JULY 18, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
AMERICAN COMMERCIAL FUNDING, LLC,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that American Commercial Funding, LLC ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that the Defendant failed to file the financial condition component of its mortgage call report through the Nationwide Mortgage Licensing System and Registry, in violation of 10 VAC 5-160-90 B of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.* ("Rules"); and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 28, 2019, (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 June 28, 2019. As of the date of this Order, the Defendant has not filed the delinquent financial condition component of its mortgage call report, and the Commission has not received a written request for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has violated 10 VAC 5-160-90 B of the Commission's Rules.

Accordingly, IT IS ORDERED THAT:

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

(2) This case is dismissed.

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

CASE NO. BFI-2019-00024
JULY 18, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
AMERICAN HOUSING CAPITAL LLC d/b/a CRM LENDING,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that American Housing Capital LLC d/b/a CRM Lending ("Defendant") is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that the Defendant failed to file the financial condition component of its mortgage call report through the Nationwide Mortgage Licensing System and Registry, in violation of 10 VAC 5-160-90 B of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.* ("Rules"); and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 28, 2019, (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 June 28, 2019. As of the date of this Order, the Defendant has not filed the delinquent financial condition component of its mortgage call report, and the Commission has not received a written request for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage lender and broker.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has violated 10 VAC 5-160-90 B of the Commission's Rules.

Accordingly, IT IS ORDERED THAT:

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

(2) This case is dismissed.

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

CASE NO. BFI-2019-00032
JULY 17, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
HOME FREE MORTGAGE INCORPORATED,
Defendant

ORDER REVOKING A LICENSE

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that Home Free Mortgage Incorporated ("Defendant") is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.2 of the Code of Virginia ("Code"); that the Defendant failed to file the financial condition component of its mortgage call report through the Nationwide Mortgage Licensing System and Registry, in violation of 10 VAC 5-160-90 B of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.* ("Rules"); that the Defendant failed to remain authorized to transact business in the Commonwealth under Title 13.1 of the Code, in violation of 10 VAC 5-160-20 (10) of the Commission's Rules; and that the Commissioner, pursuant to delegated authority, gave written notice to the Defendant by certified mail on May 28, 2019, (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 June 28, 2019. As of the date of this Order, the Defendant has not filed the delinquent financial condition component of its mortgage call report or had its authority to transact business in the Commonwealth under Title 13.1 of the Code reinstated, and the Commission has not received a written request for a hearing. Therefore, the Commissioner has recommended that the Commission enter an order revoking the Defendant's license to engage in business as a mortgage broker.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Commissioner, is of the opinion and finds that the Defendant has violated 10 VAC 5-160-90 B and 10 VAC 5-160-20 (10) of the Commission's Rules.

Accordingly, IT IS ORDERED THAT:

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

(2) This case is dismissed.

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

CASE NO. BFI-2019-00038
NOVEMBER 19, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
U.S. EQUITY ADVANTAGE, INC. d/b/a AUTOPAYPLUS,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that U.S. Equity Advantage, Inc. d/b/a AutoPayPlus ("Defendant"), is licensed to engage in business as money order seller and money transmitter under Chapter 19 of Title 6.2 of the Code of Virginia ("Code"); and that the Commission's Bureau of Financial Institutions ("Bureau") alleged that the Defendant (i) failed to maintain at all times the minimum net worth required by § 6.2-1906 B of the Code; (ii) failed to maintain adequate liquidity to fund current liabilities; (iii) failed to maintain at all times the permissible investments required by § 6.2-1918 A of the Code; (iv) failed to file accurate reports of permissible investments with the Bureau, in violation of 10 VAC 5-120-60 B of the Commission's rules governing Money Order Sellers and Money Transmitters, 10 VAC 5-120-10 *et seq.* ("Rules")[1]; (v) failed to prepare the financial statements required by § 6.2-1917 B of the Code in accordance with generally accepted accounting principles, in violation of Rule 10 VAC 5-120-70 D; (vi) failed to maintain general ledger accounts that accurately track the Defendant's outstanding money transmission transactions; (vii) failed to file a written report notifying the Bureau of a formal administrative action and fine against it by the Florida Department of Financial Services, in violation of Rule 10 VAC 5-120-40 C (4); (viii) provided false, misleading, and deceptive information to Virginia residents through its website, in violation of Rule 10 VAC 5-120-70 J; and (ix) falsely stated to the Bureau that violations and deficiencies cited in

[1] The Commission's Rules were amended effective July 15, 2019. The citations referenced in this Order are to the Commission's Rules prior to July 15, 2019.

prior examinations had been corrected, in violation of Rule 10 VAC 5-120-60 B. Upon being informed that the Commissioner intended to recommend revocation of the Defendant's license, the Defendant offered to settle this case by paying a civil penalty in the sum of Twenty-two Thousand Five Hundred Dollars ($22,500), ceasing to accept any new Virginia customers effective November 5, 2019, surrendering its license on or before December 2, 2019, and abiding by the provisions of this Order, tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

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

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

(3) The Defendant shall comply with Chapter 19 of Title 6.2 of the Code and the Commission's Rules.

(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.

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

CASE NO. BFI-2019-00042
AUGUST 16, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
SWBC MORTGAGE CORPORATION d/b/a HOMEPLUS,
Defendant

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that SWBC Mortgage Corporation d/b/a HomePlus ("Defendant") is licensed to engage in business as a mortgage lender and mortgage broker under Chapter 16 of Title 6.2 (§ 6.2-1600 *et seq.*) of the Code of Virginia ("Code"); that the Commission's Bureau of Financial Institutions completed an examination of the Defendant on March 22, 2019, and as a result of the examination alleged that the Defendant had repeatedly violated 10 VAC 5-160-60 A (2) of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq*. ("Rules"); and that upon being informed that the Commissioner intended to recommend the imposition of a civil penalty, the Defendant offered to settle this case by paying a civil penalty in the sum of Twenty Thousand Dollars ($20,000) and abiding by the provisions of this Order, tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendant shall comply with Chapter 16 of Title 6.2 of the Code and the Commission's Rules.

(3) This case is dismissed.

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

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

CASE NO. BFI-2019-00109
DECEMBER 16, 2019

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

SETTLEMENT ORDER

The Commissioner of Financial Institutions ("Commissioner") has reported to the State Corporation Commission ("Commission") that E Mortgage Management LLC ("Defendant") is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.2 (§ 6.2-1600 *et seq.*) of the Code of Virginia ("Code"); that the Commission's Bureau of Financial Institutions alleged that the Defendant failed to comply with advertising requirements pursuant to 10 VAC 5-160-60 of the Commission's Rules Governing Mortgage Lenders and Brokers, 10 VAC 5-160-10 *et seq.* ("Rules"); and that the Defendant offered to settle this case by paying a civil penalty in the sum of Ten Thousand Dollars ($10,000) and abiding by the provisions of this Order, tendered said sum to the Commonwealth of Virginia, and waived its right to a hearing in this case. The Commissioner has recommended that the Commission accept the Defendant's offer of settlement pursuant to the authority granted under § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendant shall comply with Chapter 16 of Title 6.2 of the Code and the Commission's Rules.

(3) This case is dismissed.

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

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

CLERK'S OFFICE

CASE NO. CLK-2018-00007
FEBRUARY 15, 2019

IN RE:
PETITION OF ALLISON C. PIENTA

ORDER ON RECONSIDERATION

On June 11, 2018, Allison C. Pienta ("Petitioner"), a Virginia resident and an attorney admitted to practice in the Commonwealth of Virginia, filed with the State Corporation Commission ("Commission"), on her own behalf, a Petition of Disclosure for Records of Business Entity ("Petition") pursuant to Rule 5 VAC 5-20-100 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*. The Petitioner requests that the Commission publicly disclose, pursuant to § 12.1-19 C (3) of the Code of Virginia ("Code"), certain information held by the Office of the Clerk of the Commission ("Clerk") purportedly related to business entities.

Procedural Background

The Petitioner and the Clerk's Office filed briefs presenting their respective positions on the Petition as directed by the Commission's June 15, 2018 Scheduling Order. The Commission subsequently received oral argument from the parties on July 26, 2018. The parties also presented post-hearing written argument regarding the Clerk's Motion for Leave to Supplement the Record ("Motion for Leave").

The Petition sought "records held by the clerk of the Commission related to the name and address of the *authorized business representative* of the BH Group, LLC (SCC ID: S6344156)."[1] The term "authorized business representative" was created by the Clerk as part of the Commission's "eFile" system for individuals choosing to receive email notifications regarding online filings and payments for a particular company.[2] Through the Motion for Leave, the Clerk submitted an affidavit stating that "the Clerk has discovered that no one with an eFile account has identified themselves as an 'authorized business representative' of BH Group to receive email notifications about online filings and payments for that company."[3] Thus, the Clerk indicated that no documents responsive to the Petition existed.[4]

Accordingly, on October 5, 2018, the Commission entered an Order granting the Clerk's Motion for Leave and dismissing the Petition as being moot for the reasons discussed therein ("October 5 Order").[5]

On October 24, 2018, the Petitioner filed a Petition for Reconsideration of October 5, 2018 Order ("Petition for Reconsideration"), asking the Commission to reconsider the October 5 Order. In the Petition for Reconsideration, the Petitioner asserted that "new evidence, manifest injustice, or clear error" warranted reconsideration of its ruling. On October 25, 2018, the Commission entered an order suspending the October 5 Order for the purpose of considering the Petition for Reconsideration.

On November 14, 2018, the Commission entered a Scheduling Order requiring the Clerk to respond to the Petition for Reconsideration on or before December 7, 2018 and requiring the Petitioner to file any reply on or before December 21, 2018. Both parties submitted filings within the time allowed. The Commission has had the opportunity to review the Petition for Reconsideration and the respective written arguments of the parties to determine if the October 5 Order should be modified, amended, or vacated.

Analysis

The Petition for Reconsideration does not raise any issues that the Commission finds in the exercise of its discretion warrants overturning its October 5 Order. "Motions . . . to reconsider a prior ruling involve matters wholly in the discretion of the trial court," here, the Commission.[6] The Petitioner's right to relief on reconsideration depends upon her ability to identify error on the face of the record, or explain how newly available information provides a "legal excuse," requiring the Commission to reevaluate and modify its prior ruling.[7] The Commission herein exercises its discretion not to modify its prior ruling on the Petition as filed.

First, the Petition for Reconsideration does not identify any error on the face of the record. Instead, the Petitioner disagrees with this Commission's interpretation of the facts and legal arguments presented by the parties. This disagreement alone, though, does not raise any additional issues not already considered and ruled upon by this Commission. As such, with no identification of clear error, the Commission declines to reconsider its analysis as presented in the October 5 Order.

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[1] Petition at 3 (emphasis added).

[2] *See, e.g.,* Clerk's Response to the Petition at 6.

[3] Motion for Leave, Attachment A at 3.

[4] *See id.*

[5] *See* Order, Doc. Con. Cen. No. 18102006 (incorporated herein by reference.)

[6] *Thomas v. Com.*, 62 Va. App. 104, 742 S.E. 2d 403 (2013), citing *Winston v. Com.*, 268 Va. 564, 620, 604 S.E.2d 21, 53 (2004).

[7] *See, e.g., id.*

Further, the "new" information presented by the Petitioner in her Petition for Reconsideration does not support reconsideration of the October 5 Order. The Petition for Reconsideration modifies the Petitioner's initial request for records, by seeking records identifying any person who made payments for the BH Group, not just records related to BH Group's authorized business representative. The Petitioner asserts this new and modified request for records supports reconsideration of the October 5 Order.[8] The Petitioner also claims the Clerk's post-hearing October 3, 2018 publication of its *Guidance Document Regarding Requests for SCC eFile User Account Information* (*"Guidance Document"*) is new information that she did not have previously available – and thus could not present – in support of her Petition.[9]

Neither the modified records request, nor the *Guidance Document* were before the Commission for ruling during the proceedings on the Petition. Nor did the modified records request or *Guidance Document* influence the Commission's analysis as contained in the October 5 Order. Since this information had no impact on the analysis contained in the October 5 Order, it does not provide the Petitioner with a "legal excuse" for any purported inability to present or defend her position – including her position on her initial request – as set forth in the initially filed Petition. Instead, these items seek new relief that was not sought in the original Petition, but are insufficient to justify reconsideration or modification of a ruling on the originally requested relief. As such, even if the Commission were to consider this information, it would not have altered the Commission's analysis of the relief requested in the Petition.

Accordingly, for the reasons cited above, IT IS ORDERED THAT:

(1) The Petition for Reconsideration is DENIED;

(2) The Commission's analysis and findings as contained in the October 5 Order are incorporated herein by reference in the Commission's Order on Reconsideration in the matter; and;

(3) The October 5 Order is no longer suspended;

(4) This matter is dismissed.

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[8] *See* Petition for Reconsideration at 4.

[9] *See, id.*at 1.

CASE NO. CLK-2018-00009
FEBRUARY 25, 2019

SETH G. HEALD, *et al.*
v.
RAPPAHANNOCK ELECTRIC COOPERATIVE

ORDER ON CERTIFIED QUESTION

On July 26, 2018, Seth G. Heald, Michael F. Murphy and John C. Levasseur ("Petitioners") filed with the State Corporation Commission ("Commission") a Verified Petition for Declaratory and Injunctive Relief ("Petition") against Rappahannock Electric Cooperative ("REC"). In the Petition, the Petitioners requested, among other things, that the Commission (1) declare certain portions of REC's bylaws as being *ultra vires* and *void ab initio*; and (2) enjoin REC from enforcing these portions of its bylaws. The Petition was filed pursuant to Rule 5 VAC 5-20-100 (B)-(C) of the Commission's Rules of Practice and Procedure.[1] The Petitioners also filed a Motion for Preliminary Relief and/or for Partial Expedited Consideration ("Expedited Motion").

On August 16, 2018, REC filed an Answer and Counterclaim in response to the Petition and filed a response to the Expedited Motion. On August 30, 2018, the Petitioners filed a Reply in Support of the Expedited Motion. On September 6, 2018, the Petitioners filed an Answer to REC's Counterclaim.

On September 21, 2018, the Commission issued an Order Assigning Hearing Examiner, which docketed the Petition and appointed a Hearing Examiner to conduct all further proceedings on behalf of the Commission and to file a final report in this matter. The Hearing Examiner subsequently established a procedural schedule, including an evidentiary hearing to convene on December 11, 2018.

On October 19, 2018, a Motion for Leave to Participate or, in the Alternative, Submit Comments was filed jointly by: A&N Electric Cooperative; BARC Electric Cooperative; Central Virginia Electric Cooperative; Community Electric Cooperative; Craig-Botetourt Electric Cooperative; Mecklenburg Electric Cooperative; Northern Neck Electric Cooperative; Northern Virginia Electric Cooperative; Powell Valley Electric Cooperative; Prince George Electric Cooperative; Shenandoah Valley Electric Cooperative; Southside Electric Cooperative; and The Virginia, Maryland and Delaware Association of Electric Cooperatives (collectively, "Distribution Cooperatives"). The Distribution Cooperatives' request for intervention was granted, in part, as set forth in a Hearing Examiner's Ruling issued on November 1, 2018.[2]

On October 19, November 9, and November 13, 2018, direct testimony was filed by the Petitioners, the Distribution Cooperatives, and REC, respectively. On November 16, 2018, the Commission's Staff ("Staff") filed a response ("Staff's Response") in which the Staff recommended that the Commission find it lacks subject matter jurisdiction in this case. On November 28, 2018, the Petitioners filed rebuttal testimony.

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[1] 5 VAC 5-20-10 *et seq.*

[2] Intervention was also requested, but denied, for Choptank Electric Cooperative, Inc.; Delaware Electric Cooperative, Inc.; and Old Dominion Electric Cooperative.

On December 4, 2018, the Hearing Examiner issued a ruling – at the request of the parties – that suspended the previously scheduled December 11, 2018 hearing and established new procedures to address jurisdictional issues before any evidence is received into the record.

On December 28, 2018, after receiving pleadings on the issue of subject matter jurisdiction, including from the Petitioners ("Petitioners' Brief on Jurisdiction"), the Hearing Examiner issued a Ruling and Certification to the Commission ("Ruling and Certification"). The Hearing Examiner analyzed the jurisdictional issues attendant to each of the five enumerated counts contained in the Petition. The Hearing Examiner found, among other things, "that reasonable doubts have been raised about the Commission's exercise of subject matter jurisdiction over the Petition" and certified these issues to the Commission.[3] The Hearing Examiner directed the parties and the Staff to file any comments to the Ruling and Certification by January 22, 2019.

On January 22, 2019, comments on the Hearing Examiner's Ruling and Certification were filed by the Petitioners ("Petitioners' Comments") and by REC ("REC's Comments"). The Petitioners assert that the Commission has, and should exercise, jurisdiction over all five counts contained in the Petition. REC states that it "has no objection to the Commission exercising jurisdiction," but "concurs with the Staff's position that subject matter jurisdiction is lacking."[4]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Petition shall be dismissed.

<u>The Petition</u>

The Petitioners "challenge . . . several bylaw provisions unilaterally adopted by REC's board of directors "("Board") and" contend that those bylaws are inconsistent with the law, arbitrary and unreasonable, and in derogation of the statutory and common law rights of REC's member-owners."[5] Specifically, the Petitioners challenge Sections 1, 2(b), and 2(c) of Article XII of REC's bylaws, which state, in relevant part, as follows:

> <u>SECTION 1: Amendment, Alteration or Repeal of Bylaws</u>
>
> … Any amendments to these Bylaws shall be adopted by the affirmative vote of not less than two-thirds (2/3) of the total membership of the Board of Directors at any regular or special meeting of the Board, or as applicable by an affirmative vote of not less than two-thirds of the members present in person or by proxy at any annual or special meeting of the members to alter or repeal the Bylaws. . . .
>
> <u>SECTION 2: Procedures for Bylaw Amendments, Alterations or Repeal</u>
>
> Notwithstanding anything to the contrary under this article or these Bylaws, for purposes of approving any proposed amendment, alteration, or repeal of these Bylaws by the members or the Board of Directors (as applicable herein), the following requirements shall first be satisfied and confirmed:
>
> …
>
> b. For purposes of proposed member alterations or repeal only, the submission of a written petition in a form approved and provided by the Cooperative and that includes at a minimum:
>
>   i. original signatures (not electronic or other form) of those in support of the petition of no less than five hundred (500) members, with no more than the whole number equivalent of one-eighth (1/8) of the minimum of 500 members from any board region; and
>
>   ii. all members signing the petition shall be current members and in good standing; and
>
>   iii. all members signing the petition shall provide their respective full names and addresses; and
>
> c. All proposed alterations or amendments to or repeal of the Bylaws shall be in accordance with applicable state code, the Cooperative Articles of Incorporation and these Bylaws; ….[6]

As to subject matter jurisdiction, "[t]he Petitioners invoke two bases for the Commission's jurisdiction."[7] The Petitioners invoke the Commission's jurisdiction under the language of Code § 56-6 to review "anything done or omitted in violation of any of the provisions of this or any other chapter under this title," and "to enjoin obedience to the requirements of this law."[8] In addition, "the Petitioners ask the Commission to exercise its authority under Section 13.1-828 of the [Virginia Nonstock Corporation Act ('Nonstock Act'), Code § 13.1-801 *et seq.*] to review *ultra vires* corporate action."[9]

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[3] *See* Ruling and Certification at 20.

[4] REC's Comments at 4-5.

[5] Petitioners' Comments at 2.

[6] *See* Petition, Exhibit C at 21-22.

[7] Petitioners' Comments at 2.

[8] Code § 56-6; Petitioners' Comments at 2.

[9] Petitioners' Comments at 2 (citing Code § 13.1-828(B)(3)).

Code § 56-6 states in part (emphasis added):

> Any person or corporation aggrieved by *anything done or omitted in violation of any of the provisions of this or any other chapter under this title*, by any public service corporation chartered or doing business in this Commonwealth, shall have the right to make complaint of the grievance and seek relief by petition against such public service corporation before the State Corporation Commission, sitting as a court of record. If the grievance complained of be established, the Commission, sitting as a court of record, shall have jurisdiction, by injunction, to restrain such public service corporation from continuing the same, and to enjoin obedience to the requirements of this law, and the Commission, sitting as a court of record, shall also have jurisdiction, by mandamus, to compel any public service corporation to observe and perform any public duty imposed upon public service corporations by the laws of this Commonwealth.

For purposes of the above statute, the Petitioners assert that REC violated two provisions of Title 56 of the Code.

Specifically, the Petitioners assert that REC violated Code §§ 56-231.19 and 56-231.29, which state as follows:

> Code § 56-231.19
>
> The natural persons executing the articles of incorporation shall be residents of the territory in which the principal operations of the cooperative are to be conducted who intend to use utility services to be furnished by the cooperative. The articles of incorporation shall be subscribed by at least five such persons and acknowledged by them before an officer authorized by the law of this Commonwealth to take and certify acknowledgments of deeds and conveyances. When so acknowledged the articles shall be filed in accordance with the provisions of Article 3 (§ 13.1-618 *et seq.*) of Chapter 9 or Article 3 (§ 13.1-818 *et seq.*) of Chapter 10 of Title 13.1. When so filed the articles of incorporation, or certified copies thereof, shall be received in all the courts of this Commonwealth and elsewhere as prima facie evidence of the facts contained therein, and of the due incorporation of such cooperative. All of the provisions of the Virginia Stock Corporation Act (§ 13.1-601 *et seq.*), and the Virginia Nonstock Corporation Act (§ 13.1-801 *et seq.*), insofar as not inconsistent with this article are hereby made applicable to such stock and nonstock cooperatives, respectively; provided, however, that subsections D through G of § 13.1-620 and subdivision 1 of § 13.1-825 shall not apply to any affiliate or subsidiary of a cooperative. When the charter is filed in the office of the State Corporation Commission, the proposed cooperative described therein, under its designated name, shall be and constitute a body corporate, and, with respect to its providing regulated utility services, with all of the applicable powers provided for in § 56-49. A cooperative formed prior to July 1, 1999, need not have a registered office or registered agent. A stock or nonstock cooperative formed thereafter shall comply with § 13.1-634 or § 13.1-833, respectively.
>
> Code § 56-231.29
>
> The board of directors of a cooperative shall have power to do all things necessary or incidental in conducting the business of the cooperative, including, but not limited to the power:
>
> 1. If authorized by the articles of incorporation, or by resolution of its members having voting power, to adopt and amend bylaws for the management and regulation of the affairs of the cooperative, subject, however, to the right of the members to alter or repeal such bylaws. The bylaws of a cooperative may make provisions, not inconsistent with law or its articles of incorporation, regulating the admission, suspension or expulsion of members; the transfer of membership, the fees and dues of members and the termination of membership on nonpayment of dues or otherwise; the number, times and manner of choosing, qualifications, terms of office, official designations, powers, duties and compensation of its officers and directors; defining a vacancy in the board or in any office and the manner of filling it; the number of members, not less than 2.5 percent of the total number of members, to constitute a quorum at meetings; the date of the annual meeting and the giving of notice thereof and the holding of special meetings and the giving of notice thereof; the terms and conditions upon which the cooperative is to render service to its members; the disposition of the revenues and receipts of the cooperative; and regular and special meetings of the board and the giving of notice thereof.
>
> 2. To appoint agents and employees and to fix their compensation and the compensation of the officers of the cooperative.
>
> 3. To execute all instruments.
>
> 4. To make its own rules and regulations as to its procedure.

In asserting that REC violated the above statutory provisions, the Petitioners have directly challenged the validity of Sections 1, 2(b), and 2(c) of Article XII of REC's bylaws. As explained by the Staff, the circuit courts of the Commonwealth of Virginia have original and general jurisdiction over such cases.[10] Specifically, Code § 17.1-513 expressly states that the circuit courts "shall have original and general jurisdiction of … cases involving … the validity of an ordinance or bylaw of *any* corporation" (emphasis added). The Petitioners have not contested the circuit courts' jurisdiction over their claims in this matter.[11]

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[10] *See* Staff's Response at 12-13.

[11] *See, e.g.,* Petitioners' Brief on Jurisdiction at 23-24. The Staff further noted that "[a]t least one Circuit Court has concluded that the Circuit Courts' 'original and general jurisdiction' under the Code over a particular subject matter gives them '*exclusive* subject matter jurisdiction' in the first instance." Staff's Response at 13 n.56 (quoting *New Life Christian Church v. Dynabilt Tech. Int'l Corp.*, 59 Va. Cir. 399, 2002 WL 31990270 at *3 (Norfolk Cir. Ct. 2002) (emphasis added)). The Petitioners assert that circuit court jurisdiction over this case is not exclusive. Petitioners' Brief on Jurisdiction at 24.

The Commission finds that the Petitioners' claims are more properly brought before the appropriate circuit court. This conclusion is consistent with Commission precedent. Specifically, the Commission has previously declined to exercise jurisdiction over a petition that challenged the lawfulness of an electric cooperative's bylaws.[12]

In addition, an internal management issue involving a utility's bylaws – where the circuit courts have general jurisdiction – is clearly distinguishable from management issues that impact a utility's specific public duties or public service obligations. For example, as discussed in the pleadings herein, the Commission has exercised jurisdiction over utility management issues involving affiliate arrangements, compliance with prior Commission orders, and a utility's performance of its public service obligation to provide reliable electric power at just and reasonable rates.[13] That is not the case here.

Furthermore, in exercising jurisdiction over management-related issues, the Commission has cautioned that "[a]bsent a compelling need, the Commission does not intend to become involved in the management affairs of [the utility]."[14] In this regard, the Commission does not find a compelling need to exercise jurisdiction over the electric cooperative's management affairs at issue herein. Rather, the Commission continues to find that matters such as the instant case, where the validity or implementation of an electric cooperative's bylaws is challenged, are more properly brought in the circuit court possessing general jurisdiction of such dispute.[15]

Finally, the Commission finds that the authority provided under the Nonstock Act does not alter our decision herein. Code § 13.1-828 of the Nonstock Act states in part (emphases added):

> A. Except as provided in subsection B, corporate action may not be challenged on the ground that the corporation lacks or lacked power to act.
>
> B. A corporation's *power to act* may be challenged:
>
> 1. In a proceeding by a member or a director against the corporation to enjoin the act;
>
> … or
>
> 3. In a proceeding against a corporation *before the Commission*.

Code § 56-231.19 of the Utility Consumer Services Cooperatives Act ("Cooperatives Act") applies the above statute to cooperatives: "All of the provisions of the … [Nonstock Act], insofar as not inconsistent with this article are hereby made applicable to such … nonstock cooperatives[.]"

As quoted above, Code § 13.1-828(B) permits challenges to REC's "power to act." The parties agree that this only confers jurisdiction over *ultra vires* (*i.e.*, void) acts, not voidable acts that lie within REC's power to act.[16] In this regard, a void act is one where "a corporation lacks power to act," whereas a voidable act "is within the lawful scope of a corporation's power."[17]

The Petitioners contend that the challenged amendments to REC's bylaws "are inconsistent with the Nonstock and Cooperatives Acts, and therefore *ultra vires* and void *ab initio*."[18] Conversely, the Staff asserts that REC's Board has the authority to adopt bylaws regarding amendment, alteration, or repeal of the bylaws, including procedures attendant thereto.[19] In other words, if the bylaw provisions challenged by the Petitioners "were permitted subjects for amendment," then REC "had the power to make such changes."[20] Under the Staff's analysis, and as explained by the Supreme Court of Virginia, if "adoption of the [challenged provisions] was within [REC's] power conferred by statute, the Board's approval of those amendments was a voidable, rather than a void, act of the [cooperative]."[21]

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[12] Final Order, *Commonwealth of Virginia, ex rel., Russell F. Walker v. Southside Elec. Coop.*, Case No. PUE-2003-00509, 2004 S.C.C. Ann. Rep. 384-85, (Mar. 9, 2004).

[13] *See, e.g.,* Order Establishing Investigation and Rules to Show Cause, *Commonwealth of Virginia, ex rel., State Corp. Comm'n v. Dominion Res., Inc.,* Case No. PUE-1994-00040, 1994 S.C.C. Ann. Rep. 406, 407 (June 17, 1994).

[14] *Id*.

[15] The Commission notes that in addition to challenging the validity of Section 2(b) Article XII of REC's bylaws, the Petitioners also allege that REC's Board violated such provision "by refusing to provide them with the form-petition necessary to comply with the Board-imposed amendment procedures." Petitioners' Brief on Jurisdiction at 15. To be clear, the Commission finds that this claim, as with the others in the Petition, should be heard in the circuit court. As with the other claims, the Petitioners have not established that the circuit courts lack general jurisdiction over such bylaw-related challenges. Indeed, in support of this particular allegation, the Petitioners cite Virginia precedent regarding bylaw violations for their argument that the "Board is bound by and must comply with REC's Bylaws." *Id*. (citing *Virginia High Sch. League v. J.J. Kelly High Sch.*, 254 Va. 528, 531 (1997)). The cited precedent originated in the circuit court.

[16] *See, e.g.,* Ruling and Certification at 10-11.

[17] *Kappa Sigma Fraternity, Inc. v. Kappa Sigma Fraternity*, 266 Va. 455, 467 (2003).

[18] Petitioners' Brief on Jurisdiction at 4.

[19] *See, e.g.,* Staff's Response at 10; Code §§ 56-231.28 and 56-231.29.

[20] *Kappa Sigma Fraternity*, 266 Va. at 466.

[21] *Id*.

Having declined to exercise jurisdiction as explained above, the Commission does not need to reach this question. That is, even if the Commission assumes without deciding that the challenged actions would be void (as opposed to voidable) acts under Code § 13.1-828, the Commission continues to find that the Petitioners' claims are more properly brought before the appropriate circuit court. This "approach is consistent with our effort to decide cases on the best and narrowest grounds available."[22]

Accordingly, IT IS SO ORDERED, and this matter is dismissed.

[22] *Bd. of Supervisors of Loudoun Cty. v. State Corp. Comm'n*, 292 Va. 444, 453 & n.8 (2016) ("We *need not reach the question* of whether subsection (I) prohibits the Commission from substituting new tolls under subsection (D) until after January 1, 2020, and *will assume without deciding* that subsection (D) is controlling for purposes of this case. ... This approach is consistent with our effort to decide cases on the *best and narrowest grounds available*.") (emphases added) (internal quotation marks and citations omitted).

CASE NO. CLK-2018-00010
FEBRUARY 21, 2019

RAYMOND J. GARGIULO,
Petitioner,
v.
JOHN CORRETONE,
DEBBIE CORRETONE,
ROBERT DANDENEAU,
JOSEPH BELZALA,
JENNIE CROCE,
VINCE RUSSO,
TONY SCALORA,
LU CAVALLARO,
CAROL CISTERMINO, and
RICHARD ZENOBIA,
Respondents.

FINAL ORDER

On September 13, 2018, Raymond J. Gargiulo ("Gargiulo," or "Petitioner") filed with the State Corporation Commission ("Commission") a Petition in the Office of the Clerk (the "Clerk"), pursuant to Rule 5 VAC 5-20-100 of the Commission's Rules of Practice and Procedure ("Rules").

The Petition alleged, among other things, that although the Petitioner was purportedly elected as president of the Italian American Cultural Association ("IACA") in December 2017, the Respondents voted to eliminate the position of IACA president on July 21, 2018. The Petition also alleged that Respondent John Corretone identified himself as IACA's president to Union Trust Bank ("Union") and asked that IACA's bank account at Union be put under his (Mr. Corretone's) name and not the Petitioner's name. Based on these actions, the Petition asserted that the Respondents violated IACA's bylaws and infringed upon the Petitioner's fiduciary responsibilities to IACA.

Accordingly, the Petitioner asked that the Commission declare that: (a) the Respondents' decision to eliminate the position of IACA president be deemed null and void; (b) the Petitioner be reinstated as IACA's president and that he be allowed to hold this position until December 31, 2019; and (c) the Petitioner be reinstated as a fiduciary for IACA until December 31, 2019.

On October 11, 2018, the Commission entered a Scheduling Order. Among other things, the Scheduling Order docketed the Petition, directed the Petitioner to serve a copy of the Scheduling Order and the Petition upon each of the Respondents and file proof of service of the same, and directed the Respondents to file (either individually or collectively) responsive pleadings to the Petition within 21 days of receipt of the Scheduling Order and the Petition.

The Petitioner did not submit proof that he served a copy of the Scheduling Order and Petition on the Respondents as directed by the Scheduling Order. However, on October 29, 2018, Respondents, collectively, by counsel, filed: (a) a Demurrer and/or alternatively, a Motion for Bill of Particulars ("Demurrer"); (b) a Motion to Dismiss for Lack of Jurisdiction ("Motion to Dismiss"); and; (c) an Answer to the Plaintiff's Petition for Declaratory Judgment ("Answer"). Through the Demurrer and Motion to Dismiss, the Respondents asserted that the Petitioner had not alleged a justiciable cause of action and that even if an appropriate cause of action was alleged, the Commission did not have jurisdiction to address the matters raised.

Pursuant to the Commission's Rules, and specifically Rule 5 VAC 5-20-110, the Petitioner was required to file a response to the Demurrer and Motion to Dismiss on or before November 19, 2018. The Petitioner failed to file any objection or other response to either the Demurrer or Motion to Dismiss by this date.[1]

On November 29, 2018, the Hearing Examiner issued a Report ("Hearing Examiner's Report"). Among other things, the Hearing Examiner's Report: (a) summarized the procedural posture of the case; (b) analyzed the merits of the Petition, the Demurrer and the Motion to Dismiss; (c) agreed with the Respondents' Motion to Dismiss that the Commission lacks jurisdiction over the dispute raised by the Petition; and (d) recommended that the Commission enter an order dismissing the Petition with prejudice. The Hearing Examiner's Report required that any comments to the Report be filed on or before December 20, 2018. No party filed comments.

[1] The Petitioner has not filed any opposition or response to the Demurrer or Motion to Dismiss since that time.

The Commission has had an opportunity to review the record in this matter, including the Petition, the Demurrer, the Motion to Dismiss and the Hearing Examiner's Report. Although the Respondents filed the Demurrer and the Motion to Dismiss challenging the viability of the Petitioner's claims as well as Commission's jurisdiction over the Petition and its allegations, the Petitioner failed to file any response, opposition or objection to the Demurrer or Motion to Dismiss. Based upon the Petitioner's failure to respond or otherwise object to the Demurrer or Motion to Dismiss, the Commission sustains each of these pleadings and dismisses the Petition. Based upon the dismissal of this matter on these procedural grounds, the Commission does not need to address the substantive recommendations of the Hearing Examiner, as outlined in his Report, at this time.

Upon consideration of the record in this matter and the Hearing Examiner's Report,

IT IS ORDERED THAT:

(1) The Motion to Dismiss and Demurrer are GRANTED;

(2) The Petition in this matter is DISMISSED with prejudice; and

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

BUREAU OF INSURANCE

CASE NO. INS-2017-00223
JANUARY 24, 2019

DANIEL K. GALLAGHER,
Petitioner,
v.
STATE CORPORATION COMMISSION,
Respondent

FINAL ORDER

On November 17, 2017, Daniel K. Gallagher ("Petitioner") filed with the Virginia State Corporation Commission ("Commission") a Petition to Vacate a Disclosed Regulatory Action ("Petition") seeking to vacate a validly entered Settlement Order between the Petitioner and this Commission ("Settlement Order").[1] The Commission's Bureau of Insurance ("Bureau") responded to the Petition, and Petitioner then filed a motion to amend the Petition. By Commission Order dated January 22, 2018, Petitioner was granted leave to amend the Petition by filing an Amended Petition to Expunge a Disclosed Regulatory Action ("Amended Petition"). In the Amended Petition, Petitioner, now seeks the expungement of the same Settlement Order. Thereafter, the Bureau filed a response to the Amended Petition, and Petitioner filed a reply.

NOW THE COMMISSION, having considered this matter, the Amended Petition, all other pleadings in this case, and the applicable law, is of the opinion and finds that the Commission Rule 5 VAC 5-20-220 (Petition for rehearing or reconsideration of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*., provides that orders of the Commission shall remain under the control of the Commission and subject to modification or vacation for 21 days after the date of entry of the order. Since the Amended Petition was filed more than 21 days after the date of entry of the Settlement Order, the Commission is without jurisdiction to grant the relief requested in the Amended Petition.

Accordingly, IT IS ORDERED THAT the Amended Petition hereby is denied, and this case is dismissed.

[1] *Commonwealth of Virginia at the relation of the State Corporation Commission v. Daniel K. Gallagher*, Case No. INS-1994-00172, Doc. Cont. Ctr. No. 941040041, Settlement Order (Oct. 20, 1994).

CASE NO. INS-2018-00015
MARCH 13, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MEAGHAN MARIE JOHNSON,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Meaghan Marie Johnson ("Johnson" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-502 (1) of the Code of Virginia ("Code") by misrepresenting the conditions or terms of an insurance policy; § 38.2-512 (B) of the Code by affixing the signature of any other person to a document relating to the business of insurance without the written authorization of the person whose signature appears on such document; and § 38.2-1831 (10) of the Code by using fraudulent, coercive, or dishonest practices in the conduct of business in Virginia.

Johnson is a Virginia resident licensed with the following lines of authority: Life & Annuities and Health & Variable Contracts.

The Bureau alleges that Johnson misrepresented conditions and terms of life insurance policies and forged individuals' signatures on applications and submitted them to an insurer without the individuals' authorization or knowledge.

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

The Defendant has been advised of the 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 and agreed to waive the right to a hearing, voluntarily surrender the authority to act as an insurance agent in Virginia effective June 20, 2018, and not make any application to transact the business of insurance in Virginia for a period of five (5) years from this date.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2018-00071
JANUARY 10, 2019

APPLICATION OF
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

For revisions of advisory loss costs and assigned risk workers' compensation insurance rates

CORRECTED AND AMENDED FINAL ORDER

On July 13, 2018, the National Council on Compensation Insurance, Inc. ("NCCI" or the "Applicant") filed an application with the Virginia 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, 2019 ("Application").[1] The Application consists of two separate filings, a voluntary market loss cost filing and an assigned risk rate filing. Each filing addresses two categories of workers' compensation classifications: (i) industrial classifications, including surface and underground coal mine classifications; and (ii) federal ("F") classifications.

With respect to voluntary loss costs, NCCI proposed an overall average decrease of 2.6% for industrial classifications and an overall average increase of 9.3% for the F classifications. The proposed changes to the coal mine classifications included a 14% increase for the surface coal mine classification and a 14% increase for the underground coal mine classification.[2]

With respect to the assigned risk rates, NCCI proposed an overall average decrease of 0.8% for industrial classifications and an 8.4% overall average increase for F classifications. The proposed changes to the coal mine classifications included a 9.6% increase for the surface coal mine classification and a 11.9% increase for the underground coal mine classification.[3]

The Parties' Pre-Filed Direct and Rebuttal Testimonies

Jay A. Rosen ("Mr. Rosen"), NCCI's actuary, and Dr. Leonard F. Herk ("Dr. Herk"), NCCI's economist, filed direct testimony and exhibits on behalf of NCCI. Mr. Rosen stated that the Application generally used the methodologies approved by the Commission in 2017 to calculate the loss costs, rates, and rating values, excepting the method used in determining the profit and contingency factor ("P&C Factor")[4] component of the assigned risk rates.[5] Dr. Herk's testimony described NCCI's development of its proposed method to determine the P&C Factor applicable to the assigned risk rates, as well as his analysis of the various inputs into the model used to calculate the P&C Factor.[6] Mr. Rosen, relying on Dr. Herk's testimony, chose a P&C Factor of negative 2.00%.

On September 21, 2018, Scott J. Lefkowitz ("Mr. Lefkowitz"), the Bureau's actuary, and Dr. Raymond E. Spudeck ("Dr. Spudeck"), the Bureau's economist, filed direct testimony and exhibits on behalf of the Bureau.

Dr. Spudeck recommended, among other matters, that: (i) the appropriate P&C Factor used in computing the overall assigned risk rates should be negative 4.07% (instead of the negative 2.00% value proposed by NCCI); and (ii) that certain issues regarding the P&C Factor calculation should be considered by the working group[7] in advance of any future hearing, to ensure the continued reasonableness of the IRR calculation.[8]

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[1]Application, Exhibit ("Ex.") 3. NCCI, as well as the other parties, filed the Application and other responsive documents in accordance with the procedural schedule established by the Commission in its Docketing Order (Doc. Con. Cen. No. 180440209 (April 26, 2018), and its Amended Scheduling Order (Doc. Con. Cen. No. 180620364 (June 13, 2018)).

[2] *See* Application, Ex. 3 at Appendix D. NCCI's indicated voluntary loss cost percentage increases for surface and underground coal were initially greater than these amounts. However, these increases were each capped at 14% due to the required swing limits.

[3] *See id*.

[4] Pursuant to § 38.2-1904 of the Code of Virginia ("Code"), assigned risk rates must be determined such that Virginia workers' compensation insurers can be expected to earn a return that is adequate and fair, but not excessive. The P&C Factor is a critical component of the calculation that ensures that the insurers' rate of return ("IRR") meets these objectives.

[5] *See* Mr. Rosen Direct Testimony, Ex.4 at 4-5.

[6] *See* Dr. Herk Direct Testimony, Ex. 2 at 33-36.

[7] The working group was established upon prior direction of the Commission and comprises all interested parties to this rate making process ("Virginia Working Group"). The Virginia Working Group is tasked with using the expertise of its members to discuss and resolve specific actuarial or economic issues. The Virginia Working Group presents those outcomes to the Commission with the intent to enhance the efficiency of these proceedings.

[8] *See* Dr. Spudeck Direct Testimony, Ex. 5 at 23-25.

Mr. Lefkowitz opined that the methodologies used in the Application to calculate voluntary loss costs and assigned risk rates warranted reconsideration.[9] Specifically, Mr. Lefkowitz believed the Virginia Working Group should evaluate the following matters in more detail:

(i) How and when the divergence between profit levels embedded in assigned rates and actual profitability in the assigned risk market occurred;

(ii) What elements related to the calculation of the statewide combined market calculation of the indicated change due to experience, trend and benefits were used in the Application;

(iii) What elements of the allocation of statewide combined market indications to the individual voluntary and assigned risk markets were used in the Application;

(iv) Whether case reserve and loss development in the assigned risk market and the voluntary market were adequate;

(v) Whether large loss reserve, large loss occurrence, and large loss development in the assigned risk market and in the voluntary market were adequate;

(vi) The credibility procedures performed in the class ratemaking; and,

(vii) The occupational disease claim frequency trends used for evaluating rates for the coal industry classes.[10]

Then, using a methodology that Mr. Lefkowitz contended addressed his concerns, for voluntary loss costs, Mr. Lefkowitz proposed a 5.5% overall average decrease for industrial classifications, and, for assigned risk rates, an 8.2% overall average decrease for industrial classifications.[11] Mr. Lefkowitz also proposed that the occupational disease ("OD") portion of the coal mine voluntary loss costs, and assigned risk rates be based on an OD claim frequency that was 53.4% less than that used in the Application.[12] Mr. Lefkowitz relied upon Dr. Spudeck's testimony and recommended P&C Factors of negative 4.07% for industrial classes and negative 12.63% for coal classes to propose his recommended changes. Mr. Lefkowitz recommended that the same calculations made to the industrial classifications also affect the F classifications.[13] Additionally, Mr. Lefkowitz suggested that his methodology concerns be addressed by the Virginia Working Group for future applications and proceedings.

Two additional parties – the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") and the Iron Workers Employers Association and the Washington Construction Employers Associations ("Iron Worker and Construction Associations") – filed Notices of Participation in the proceeding.[14] Neither Consumer Counsel nor the Iron Worker and Construction Associations, however, filed direct testimony in response to the Application.

On October 12, 2017, NCCI filed rebuttal testimony from Mr. Rosen, who disagreed with Mr. Lefkowitz' concerns regarding the methodologies used and asserted that the Virginia Working Group previously addressed these concerns.[15] Mr. Rosen did accept Dr. Spudeck's recommended P&C Factor of negative 4.07% for purposes of this proceeding. Accordingly, NCCI adjusted its proposed assigned risk rates to reflect Dr. Spudeck's recommended P&C Factor in the IRR calculation, but maintained that all other actuarial opinions presented in the Application were accurate.[16]

The Parties' Differences

Upon comparison and review of the submitted written testimonies, the parties disagreed about the proper methodology for calculating certain components of the voluntary loss costs and assigned risk rates. This disagreement included components such as the experience, benefits, and trend calculations underlying costs and rates in the Application, the claim frequency trend for occupational disease component of the coal classifications, and the basis for establishment of the proper P&C Factor.

The November 8, 2018 Hearing

On November 8, 2018, a hearing was held in the Commission's courtroom in Richmond, Virginia, to consider the Application. Charles H. Tenser, Esquire, appeared on behalf of NCCI; Patricia A.C. McCullagh, Esquire, appeared on behalf of the Bureau; C. Meade Browder, Jr., Senior Assistant Attorney General, appeared on behalf of Consumer Counsel; and John H. Schlecht, ("Schlecht"), appeared as a public witness.[17] The Commission admitted into evidence the respective written direct and rebuttal testimonies of Mr. Rosen, Dr. Herk, Dr. Spudeck and Mr. Lefkowitz based upon the parties' agreement to waive cross examination of these witnesses.

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[9] *See e.g.* Mr. Lefkowitz Direct Testimony ("Lefkowitz Direct"), Ex. 6 at 9-10 and 30.

[10] *Id.* at 30-31.

[11] *Id*. at 25.

[12] *See e.g*. Lefkowitz Direct.

[13] *Id.* at 26.

[14] *See* Office of the Attorney General's Division of Consumer Counsel-Notice of Participation (July 11, 2018), Doc. Con. Cen. No. 180720107, and Washington Construction Employer's Associations and the Iron Workers Employers Association Notice of Participation (July 25, 2018), Doc. Con. Cen. No. 180740010.

[15] *See e.g.* Mr. Rosen Rebuttal Testimony, Ex. 7 at 1, 9, 19, 21, and 27.

[16] *See id.* at 30-31.

[17] The attorney for the Iron Worker and Construction Associations, Fred Codding, Esquire did not enter an appearance at the hearing in this case. John Schlecht spoke in Mr. Codding's stead as a public witness. *See* Transcript at 20-30.

During the hearing, the Bureau and NCCI, through their respective counsel, presented for the Commission's consideration a mutually agreed-to proposal ("Proposal") regarding how to address the differences between the Application and the direct testimony filed by the Bureau. The Proposal recommended that the Commission adopt the following changes to the voluntary loss costs and assigned risk rates to become effective April 1, 2019:

Voluntary Loss Costs	
Industrial Classes (general)	2.6% overall average decrease[18]
Federal Classes	9.3% overall average increase
Surface Coal (Class 1005)	0% change
Underground Coal (Class 1016)	0% change

Assigned Risk Rates	
Industrial Classes (general)	3.4% overall average decrease
Federal Classes	5.5% overall average increase
Surface Coal (Class 1005)	0% change
Underground Coal (Class 1016)	0% change

The Proposal also recommended that the Commission instruct the Virginia Working Group to address the issues raised by the parties in their respective testimonies (including those issues identified by Mr. Lefkowitz, as discussed above) and to reconcile the differences in methodologies and calculations underlying each witness's testimony regarding the appropriateness of the methodologies used to calculate the above costs and rates in advance of any future applications or proceedings.

NOW THE COMMISSION, upon consideration of this matter and considering the record in its entirety, finds the Proposal to be appropriate and ORDERS THAT:

(1) This Corrected and Amended Final Order supersedes and replaces the Final Order entered on December 20, 2018 in this matter.

(2) The following changes applicable to the voluntary market advisory loss costs and assigned risk rates are hereby APPROVED for use with respect to new and renewal workers' compensation insurance policies effective on or after April 1, 2019:

Voluntary Loss Costs	
Industrial Classes (general)	2.6% overall average decrease[19]
Federal Classes	9.3% overall average increase
Surface Coal (Class 1005)	0% change
Underground Coal (Class 1016)	0% change

Assigned Risk Rates	
Industrial Classes (general)	3.4% overall average decrease
Federal Classes	5.5% overall average increase
Surface Coal (Class 1005)	0% change
Underground Coal (Class 1016)	0% change

(3) On or before June 3, 2019, NCCI, the Bureau, Consumer Counsel, and the Iron Worker and Construction Associations in this proceeding shall endeavor to recommend jointly to the Commission a proposed schedule for any Year 2020 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 NCCI's 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(s) of any proposed hearing before the Commission. If these entities cannot reach agreement on a mutually acceptable proposed schedule, each shall submit its own proposal by June 3, 2019.

(4) The Virginia Working Group is directed to meet, review and attempt to reach consensus as to the most appropriate method to calculate Virginia voluntary loss costs and assigned risk rates for any future proceedings. This review shall include, but not be limited to:

(i) An understanding as to how and when the divergence between profit levels embedded in assigned rates and actual profitability in the assigned risk market occurred;

(ii) What elements related to the calculation of the statewide combined market calculation of the indicated change due to experience, trend and benefits should be used;

(iii) What elements of the allocation of statewide combined market indications to the individual voluntary and assigned risk markets should be used;

(iv) Case reserve adequacy and loss development in the assigned risk market and the voluntary market;

(v) Large loss reserve adequacy, large loss occurrence, and large loss development in the assigned risk market and in the voluntary market;

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[18] The Commission's December 20, 2018 Final Order in this case incorrectly referred to a "2.5% overall average decrease." This Order amends the number "2.5" to the correct number, "2.6."

[19] The Commission's December 20, 2018 Final Order in this case incorrectly referred to a "2.5% overall average decrease." This Order amends the number "2.5" to the correct number, "2.6."

(vi) An analysis of any changes to credibility procedures in class ratemaking; and

(vii) An analysis of occupational disease claim frequency trends and the impact on rates for the coal industry classes.

Neither the Virginia Working Group nor any of its members shall be precluded from presenting or discussing relevant issues or topics in addition to those identified above.

(5) Should the Virginia Working Group not be able to reach consensus or resolve the issues identified above, or any other issue presented within the Virginia Working Group discussions, the group, or if applicable, any member(s), shall identify for the Commission on or before June 3, 2019, the issue(s) for which there is no consensus. The Commission shall determine how to address any disagreements between the parties and issue any applicable orders at that time.

CASE NO. INS-2018-00079
MAY 28, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHRISTIAN DOMINIC LIPSCOMB,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Christian Dominic Lipscomb ("Lipscomb" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

Lipscomb is a Colorado resident licensed with the following lines of authority: Life & Annuities and Health.

The Bureau alleges that Lipscomb filed an insurance license application with the Commission on July 25, 2014 in which he misrepresented and otherwise failed to disclose his prior criminal convictions.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective July 11, 2018, and has agreed not to make any application to transact the business of insurance in Virginia for a period of one (1) year from July 11, 2018.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2018-00177
JUNE 13, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
KAPOOR INSURANCE & SERVICES INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kapoor Insurance & Services Inc. ("Kapoor Insurance" or "Defendant")[1], duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1813 (A) of the Code of Virginia ("Code") by failing to pay premiums to the insurer entitled to such payment.

Kapoor Insurance was a Virginia resident agency and consulting firm licensed with the following lines of authority: Life & Annuities, Property & Casualty, Life & Health Consultant, and Property & Casualty Consultant.

The Bureau alleges that Kapoor Insurance did not pay premiums to two insurance companies entitled to such payments.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1831, and 38.2-1843 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, by and through one of its authorized corporate representatives and without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission, wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agency and consulting firm in Virginia effective June 13, 2018, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from June 13, 2018.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

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[1] The Defendant is also listed as "Kapoor Insurance Services, Inc." in the records of the Clerk of the State Corporation Commission.

CASE NO. INS-2018-00209
MAY 28, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JACINDA MERCEDES WESTFIELD,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jacinda Mercedes Westfield ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated November 16, 2018, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2018-00209
JUNE 18, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JACINDA MERCEDES WESTFIELD,
Defendant

ORDER GRANTING RECONSIDERATION

On May 28, 2019, the Virginia State Corporation Commission ("Commission") issued an Order Revoking License in this matter. On June 17, 2019, Jacinda Mercedes Westfield filed a Petition for Reconsideration.

NOW THE COMMISSION, upon consideration of this matter, and pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC-5-20-10 *et seq*., grants reconsideration at this time solely for the purpose of continuing jurisdiction over this matter and considering the above-referenced request. The Order Revoking License is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted at this time solely for the purpose of continuing jurisdiction over this matter and considering the above-referenced request.

(2) Pending the Commission's reconsideration of this matter, the Order Revoking License is suspended.

(3) This matter is continued generally.

CASE NO. INS-2018-00210
MAY 31, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PETER JACK MARGAROS,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Peter Jack Margaros ("Margaros" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (A) of the Code of Virginia ("Code") by failing to report within thirty (30) calendar days to the Commission any change in his residence; and 14 VAC 5-80-350 of the Commission's Rules Governing Variable Life Insurance, 14 VAC 5-80-10 *et seq.*, by failing to immediately report to the Commission the imposition of any disciplinary sanction imposed upon him by any national securities association.

Margaros is a Virginia resident licensed with the following lines of authority: Life & Annuities, Health, Property & Casualty, and Variable Contracts.

The Bureau alleges that Margaros failed to immediately report to the Commission a disciplinary sanction imposed upon him by the Financial Industry Regulatory Authority on March 16, 2018. The Bureau also alleges that, by no later than May 2018, Margaros had changed his residence, but failed to timely report such change to the Commission.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective August 15, 2018, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from August 15, 2018.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2018-00220
MAY 28, 2019

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

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kenneth Allan Myers ("Myers" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-502 (1) of the Code of Virginia ("Code") by misrepresenting the conditions or terms of an insurance policy; § 38.2-512 (A) of the Code by making false or fraudulent statements or representations on an application relating to the business of insurance for the purpose of obtaining a commission from an insurer; and § 38.2-1831 (10) of the Code by using fraudulent or dishonest practices in the conduct of business in Virginia.

Myers is a Virginia resident licensed with the following lines of authority: Life & Annuities and Health.

The Bureau alleges that Myers misrepresented to insureds information regarding interest rates and surrender charges. It also alleges that Myers falsely held himself out as the agent of record on an application he signed and submitted to an insurer.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission, wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective July 11, 2018, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from July 11, 2018.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2018-00234
FEBRUARY 5, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GLOBE LIFE AND ACCIDENT INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market analysis inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Globe Life and Accident Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-302 (A) of the Code of Virginia ("Code") by failing to obtain written consent of applicants to insurance contracts; §§ 38.2-316 (A) and 38.2-316 (C) of the Code by failing to comply with insurance application form filing requirements of the Commission; § 38.2-502 (1) of the Code by misrepresenting the benefits, advantages, conditions or terms of any policy; § 38.2-503 of the Code by making, publishing, disseminating, circulating, or placing before the public an advertisement which is untrue, deceptive or misleading; 14 VAC 5-30-70 B (1) of the Commission's Rules Governing Life Insurance and Annuity Replacements ("Rules"), 14 VAC 5-30-10, *et seq*., by failing to make a diligent effort by mailing a self-addressed postage prepaid envelope with instructions for the return of the signed notice; 14 VAC 5-41-40 B of the Commission's Rules Governing Advertisement of Life Insurance and Annuities, 14 VAC 5-41-10, *et seq*., by failing to fully disclose all the terms contained in an application; 14 VAC 5-41-40 C of the Rules by including figures, dollar amounts, or statistical information in an advertisement that do not accurately reflect all current and relevant facts; 14 VAC 5-41-80 B of the Rules by using terms in an advertisement that were not evidenced as fact to the satisfaction of the Commission; and 14 VAC 5-41-90 E of the Rules by using advertisements that resemble a governmental program or agency which mislead prospective insureds into believing that the solicitation is in some manner connected with a governmental program or agency.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in Bureau correspondence dated October 5, 2018, has tendered to Virginia the sum of Fifteen Thousand Dollars ($15,000) and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2018-00242
MAY 28, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ELCIN MEHYAR,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Elcin Mehyar ("Mehyar" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making false or fraudulent statements or representations on a document or communication relating to the business of insurance for the purpose of obtaining a benefit from an insurer and § 38.2-1831 (8) of the Code by admitting to have committed insurance fraud.

Mehyar is a Virginia resident licensed with the following lines of authority: Life & Annuities and Property & Casualty.

The Bureau alleges that Mehyar obtained a lower deductible on her personal insurance policy, while failing to disclose a prior motor vehicle accident she had been involved in, in order to secure a higher payment from the insurer in connection with her accident. Mehyar also admitted to the Bureau that she engaged in such fraudulent conduct.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission, wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective October 26, 2018, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from October 26, 2018.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2018-00245
MARCH 25, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AUSTIN LEE DECKER,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Austin Lee Decker ("Decker" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making fraudulent representations on applications relating to the business of insurance for the purpose of obtaining a commission or other benefit from an insurer.

Decker is a North Carolina resident licensed with the following lines of authority: Life & Annuities and Health.

The Bureau alleges that Decker made fraudulent representations on life insurance applications submitted on behalf of several individuals by omitting material information about those individuals from the applications.

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

The Defendant has been advised of the 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 whereby he has agreed to waive the right to a hearing, to voluntarily surrender the authority to act as an insurance agent in Virginia effective November 16, 2018, and to not make any application to transact the business of insurance in Virginia for a period of five (5) years from November 16, 2018.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2018-00246
JANUARY 4, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
STORMY GARRISON,
Defendant

ORDER GRANTING RECONSIDERATION

On December 17, 2018, the Virginia State Corporation Commission ("Commission") issued an Order Revoking License in this matter. On December 27, 2018, Stormy Garrison filed a Petition for Reconsideration ("Petition").

NOW THE COMMISSION, upon consideration of this matter, and pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC-5-20-10 *et seq*., grants reconsideration for the purpose of continuing jurisdiction over this matter and considering the above-referenced request. The Order Revoking License is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

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

(2) On or before March 7, 2019, the Commission's Bureau of Insurance and the Defendant, either jointly or separately, shall file a notice in this docket advising the Commission whether or not terms of settlement have been reached.

(3) Pending the Commission's receipt of the notice required by Ordering paragraph (2) and reconsideration of this Matter, the Order Revoking License is suspended.

(4) This matter is continued generally.

CASE NO. INS-2018-00252
JANUARY 24, 2019

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

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Freedom Life Insurance Company of America ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-316 B of the Code of Virginia ("Code") by failing to comply with insurance application form filing requirements of the Commission; § 38.2-502 (1) of the Code by misrepresenting the benefits, advantages, conditions or terms of an insurance policy; § 38.2-503 of the Code by making, publishing, disseminating, circulating, or placing before the public an advertisement which is untrue, deceptive or misleading; § 38.2-610 A (1) of the Code by failing to provide applicants with specific reasons for an adverse underwriting decision in the form approved by the Commission; § 38.2-610 A (2) of the Code by failing to give applicants a summary of the rights established under subsection B of § 38.2-610 and §§ 38.2-608 and 38.2-609; 14 VAC 5-90-60 B (6) of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance ("Rules"), 14 VAC 5-90-10, *et seq*., by failing to state the limited nature of the policy in boldface type using the required language; 14 VAC 5-90-90 A of the Rules by failing to include the date of the statistic used in the advertisement to support that the information accurately reflects all current and relevant facts; and 14 VAC 5-90-90 C of the Rules by failing to identify the source of the statistics used in the Defendant's advertisements.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in Bureau correspondence dated November 30, 2018, has tendered to Virginia the sum of Six Thousand Three Hundred Dollars ($6,300) and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2018-00254
FEBRUARY 21, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ANTHEM HEALTH PLANS OF VIRGINIA, INC., ANTHEM INSURANCE COMPANIES, INC.
Defendants

SETTLEMENT ORDER

Based on a market analysis inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Anthem Health Plans of Virginia, Inc. and Anthem Insurance Companies, Inc. (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-502 (1) of the Code of Virginia ("Code") by misrepresenting the benefits, advantages, conditions or terms of any insurance policy; § 38.2-503 of the Code by making, publishing, disseminating, circulating, or placing before the public an advertisement which is untrue, deceptive or misleading; 14 VAC 5-90-40 of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance ("Rules"), 14 VAC 5-90-10, *et seq*., by failing to set out required information conspicuously and in close conjunction with the statements to which the information relates or under appropriate captions of such prominence that it shall not be minimized, rendered obscure or presented in an ambiguous fashion or intermingled with the context of the advertisement so as to be confusing or misleading; 14 VAC 5-90-50 (A) of the Rules by failing to have the format and content of an advertisement of an accident or sickness insurance policy sufficiently complete and clear to avoid deception or the capacity or tendency to mislead or deceive; 14 VAC 5-90-50 (B) of the Rules by using advertisements that were untruthful and misleading in fact or in implication; 14 VAC 5-90-60 (A) (2) of the Rules by using words or phrases in a manner that exaggerates a benefit beyond the terms of the policy; 14 VAC 5-90-60 (C) (2) of the Rules by using the phrase "no medical examination required" when the policy does not cover losses resulting from pre-existing conditions; 14 VAC 5-90-90 (C) of the Rules by failing to identify the source of any statistics used in an advertisement; 14 VAC 5-90-150 (A) (1) of the Rules by using advertisements that contain phrases describing a "time-limited solicitation period" as "special," "limited," or similar words or phrases when the insurer uses the "time-limited solicitation periods" as the usual method of marketing accident and sickness insurance; and 14 VAC-170-180 (B) (2) of the Commission's Rules Governing Minimum Standards for Medicare Supplement Policies, 14 VAC 5-170-10, *et seq*., by employing any method of marketing having the effect of or tending to induce the purchase of insurance through force, fright, threat, whether explicit or implied, or undue pressure to purchase or recommend the purchase of insurance.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in Bureau correspondence dated December 12, 2018, has tendered to Virginia the sum of Fifty-six Thousand Seven Hundred Fifty Dollars ($56,750) and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2018-00255
SEPTEMBER 10, 2019

PETITION OF
TEXAS TITLE INSURANCE GUARANTY ASSOCIATION

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

FINAL ORDER

On December 20, 2011, the Circuit Court of the City of Richmond entered an order appointing the State Corporation Commission ("Commission") as Receiver of Southern Title Insurance Corporation ("Southern Title") and granting the Commission authority to proceed with rehabilitation or liquidation of Southern Title.[1] The same day that Southern Title was placed in receivership, the Commission entered an order ("2011 Deputy Receiver Order") appointing the Commissioner of Insurance as Deputy Receiver of Southern Title ("Deputy Receiver").[2]

On December 21, 2011, the Deputy Receiver adopted a Receivership Appeal Procedure by which claimants seeking payment from Southern Title or the Deputy Receiver may appeal adverse decisions concerning such claims.[3]

On July 28, 2014, upon application of the Deputy Receiver and after notice and hearing, the Commission entered an order that found Southern Title to be insolvent and directed the Deputy Receiver to proceed with liquidation of Southern Title.[4]

On December 12, 2018, Texas Title Insurance Guaranty Association ("Petitioner") filed with the Commission a Petition for Review of the Deputy Receiver's Determination of Appeal ("Petition"). The Petition sought Commission review and reversal of an adverse decision[5] by the Deputy Receiver regarding costs and expenses that the Petitioner asserted it incurred during February 2013 to November 2018 handling and adjusting claims against Texas-related Southern Title policies.[6] The Petition sought a Commission determination that the Petitioner "is entitled to first priority reservation, setting, and payment of its claim handling expenses by the Commission under Virginia Code §[§] 38.2-1509(B) and 38.2-1510."[7]

On December 21, 2018, the Commission issued an Order Docketing Case, which docketed the Petition; directed the Deputy Receiver to file an Answer or other responsive pleading to the Petition; and appointed a Hearing Examiner to conduct all further proceedings on behalf of the Commission and to file a report containing findings and recommendations in this matter.

On January 22, 2019, the Deputy Receiver filed his Answer to Petition for Review. The Deputy Receiver admitted and denied facts in the Petition and generally contested certain legal arguments in the Petition.

After two prehearing conferences, a Hearing Examiner's Ruling issued on March 7, 2019, established a procedural schedule for this case, including a hearing to convene on June 20, 2019. Pursuant to the original procedural schedule, the Petitioner and Deputy Receiver filed a Joint Status Report on February 26, 2019, followed by a Joint Statement of Undisputed Facts on March 5, 2019. Among the facts stipulated by the Petitioner and Deputy Receiver were that: (1) the Petitioner is a creature of, and its obligations are imposed by, Texas law; (2) the Petitioner received and handled 77 claims related to Southern Title; and (3) the Deputy Receiver approved reimbursement to the Petitioner for certain claims it paid to Texas claimants.[8] On May 6, 2019, the Petitioner and Deputy Receiver filed separate witness disclosure statements.

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[1] *Commonwealth of Virginia, ex rel. State Corporation Commission v. Southern Title Insurance Corporation and Manju S. Ganeriwala, Treasurer of Virginia,* Case No. CL11-5660-RDT, Final Order Appointing Receiver for Rehabilitation or Liquidation (Cir. Ct. of the City of Richmond, Dec. 20, 2011).

[2] *Commonwealth of Virginia, ex rel. State Corporation Commission v. Southern Title Insurance Corporation*, Case No. INS-2011-00239, 2011 S.C.C. Ann. Rpt. 200, Order Appointing Deputy Receiver for Conservation and Rehabilitation (Dec. 20, 2011). Initially, former Commissioner of Insurance Jacqueline Cunningham was appointed Deputy Receiver of Southern Title. *Id.* Upon Commissioner Cunningham's retirement, her successor, Scott White, was appointed Deputy Receiver. *Id.*, 2018 S.C.C. Ann. Rep. 73, Order Appointing Scott A. White as Deputy Receiver for Rehabilitation or Liquidation (Jan. 5, 2018). The term "Deputy Receiver," as used in this Report, refers to the Deputy Receiver appointed at the time of the underlying activity.

[3] Petition at Exhibit ("Ex.") A.

[4] *Commonwealth of Virginia, ex rel. State Corporation Commission v. Southern Title Insurance Corporation, in Receivership,* Case No. INS-2011-00239, 2014 S.C.C. Ann. Rep. 49, Order of Liquidation with a Finding of Insolvency (July 28, 2014).

[5] The Deputy Receiver's determination was included in a June 22, 2018 Notice of Claim and Claim Priority Determination and a November 12, 2018 Determination of Appeal. Petition at Exs. A and B.

[6] Petition at 1-4.

[7] *Id.* at 2.

[8] Joint Statement of Undisputed Facts at 2.

On May 23, 2019, the Petitioner and Deputy Receiver filed a Joint Motion to Continue Procedural Dates ("Joint Continuance Motion"). In the Joint Continuance Motion, the Petitioner and Deputy Receiver requested a continuance of the scheduled proceedings in order to more fully explore the possibility of a negotiated resolution of this matter. A Hearing Examiner's Ruling issued on May 31, 2019, granted the Joint Continuance Motion and rescheduled the hearing in this proceeding to convene on October 1, 2019.[9]

On July 17, 2019, the Petitioner and Deputy Receiver filed a Second Joint Statement of Undisputed Facts. The Petitioner and Deputy Receiver stipulated to the fact that the Petitioner's costs and expenses associated with the administration of Southern Title-related claims amount to $299,600.[10]

On August 22, 2019, the Petitioner and Deputy Receiver filed a Joint Motion to Approve and Ratify Settlement Agreement, Withdraw Petition, and Dismiss Petition ("Joint Withdrawal Motion"). The Joint Withdrawal Motion states that the Petitioner and Deputy Receiver have settled and compromised the Petition pursuant to terms of a Settlement Agreement and Release ("Settlement Agreement").[11] The Settlement Agreement provides that the Deputy Receiver would approve payment to the Petitioner of $95,000 as an administrative claim of the receivership, and the Petitioner would withdraw its Petition.[12] The Settlement Agreement further includes, among other things, a mutual release regarding the claim underlying the Petition and a recognition that the Settlement Agreement does not constitute or imply an admission of any liability.[13]

The Joint Withdrawal Motion states further that the Deputy Receiver was empowered to enter into the Settlement Agreement pursuant to provisions of the 2011 Deputy Receiver Order, which states in part that Southern Title's "Deputy Receiver shall have the power . . . to compromise suits, legal proceedings, or claims on such terms as [he] deems appropriate."[14] In their Joint Withdrawal Motion, the Petitioner and Deputy Receiver request that the Commission issue a final order that: (1) grants the Joint Withdrawal Motion; (2) approves and ratifies the Settlement Agreement; (3) withdraws the Petition; and (4) dismisses the Petition.[15]

On August 28, 2019, the Hearing Examiner issued his report ("Report"), which summarized the procedural and factual history of the case. In his Report, the Hearing Examiner found that the Joint Withdrawal Motion should be granted.[16] Based upon his findings, the Hearing Examiner recommended that the Commission enter an Order that: (1) adopts the findings in the Report; (2) accepts the proposed settlement of the Petition in this matter, including any necessary approval and ratification of the Settlement Agreement by the Commission; (3) grants withdrawal of the Petition; and (4) dismisses this matter.[17]

The Report found that there was no need to provide an opportunity for comments to the Report since the Petitioner and Deputy Receiver agreed to the recommended disposition of this case.[18]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the findings of the Hearing Examiner should be adopted and the proposed settlement of the Petition should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Report are adopted.

(2) The Settlement Agreement is APPROVED.

(3) The Petitioner and Deputy Receiver's Joint Withdrawal Motion is GRANTED.

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

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[9] Also rescheduled were the dates for concluding discovery, filing prefiled testimony and exhibits, and filing prehearing briefs in this proceeding.

[10] Second Joint Statement of Undisputed Facts at 1.

[11] Joint Withdrawal Motion at 1 and Ex. 1.

[12] *Id* at Ex. 1, p. 2.

[13] *Id.* at Ex. 1, pp. 2-3.

[14] *Id.* at 1.

[15] *Id.* at 2.

[16] Report at 3.

[17] *Id.*

[18] *Id.*

CASE NO. INS-2018-00256
APRIL 8, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARK EDWARD ZAMPERINI,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Mark Edward Zamperini ("Zamperini" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 12.1-33 of the Code of Virginia ("Code") by failing or refusing to obey an order of the Commission; § 38.2-512 (A) of the Code by making false representations on insurance applications for the purpose of obtaining a commission; and § 38.2-1831 (10) of the Code by using fraudulent, coercive, or dishonest practices in the conduct of business in Virginia.

Zamperini is a Virginia resident licensed with the following lines of authority: Life & Annuities and Health & Variable Contracts. On April 8, 2016, the Commission entered a Consent Order in Case No. INS-2015-00193 ("Consent Order")[1] which, among other things, placed Zamperini on probation with the Bureau through June 30, 2018, and required him to comply with certain reporting requirements detailing his sales activities.

The Bureau alleges that Zamperini failed to obey the Consent Order by under-reporting his sales activity and the number of applications he had submitted for life insurance and annuities and by making false representations on insurance applications when he signed applications sold by other insurance agents for the purpose of obtaining a commission. Accordingly, the Bureau alleges that this conduct violated § 12.1-33 of the Code, § 38.2-512 (A) of the Code, and § 38.2-1831 (10) of the Code as identified above.

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

The Defendant has been advised of the 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 whereby he has agreed to waive the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective September 28, 2018, and has agreed to not make any application to transact the business of insurance in Virginia for a period of five (5) years from September 28, 2018.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

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[1] *Commonwealth of Virginia, ex rel., State Corporation Commission v. Mark Edward Zamperini, Defendant,* Case No. INS-2015-00193, 2016 S.C.C. Ann. Rept. 45, Consent Order (Apr. 8, 2015).

CASE NO. INS-2019-00002
MAY 24, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ARIEL D'ALESSANDRO,
Defendant

FINAL ORDER

On August 31, 2018, Ariel D'Alessandro ("Defendant") applied with the State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau") for a Virginia property and casualty insurance producer license ("2018 Application"). On December 12, 2018, the Bureau denied the 2018 Application ("Denial") pursuant to §§ 38.2-1831 and 38.2-1832 (A) of the Code of Virginia ("Code"). Section 38.2-1831 of the Code allows the Bureau to deny an insurance license to an applicant based on certain enumerated grounds, including if the applicant has provided materially incorrect, misleading, incomplete or untrue information on a license application, or if the applicant's insurance license has been suspended, revoked or denied by another state or jurisdiction. Section 38.2-1832 (A) of the Code allows the Bureau to deny an insurance license to an applicant who does not have good character or a good reputation for honesty.

In denying the 2018 Application, the Bureau found that the Defendant did not comply with the requirements of §§ 38.2-1831 and 38.2-1832 (A) of the Code because, among other things:

(1) The Defendant had voluntarily surrendered his Virginia insurance license in 2010, in response to a Bureau investigation regarding the Defendant's alleged conversion of premium funds for his own use;

(2) The Defendant had submitted two prior insurance license applications containing false or inaccurate information about his disciplinary history; and

(3) In 2016, the Maryland Insurance Administration revoked the Defendant's resident insurance producer license.[1]

In response to the Denial, the Defendant requested a hearing, asking the Commission to review the Bureau's Denial of his 2018 Application.[2] On January 31, 2019, the Commission issued a Scheduling Order, assigning this matter to a Hearing Examiner, directing the Hearing Examiner to conduct further proceedings in this matter, and setting a hearing date for March 5, 2019 ("Hearing").[3] In advance of the Hearing, the Hearing Examiner directed the parties to exchange proposed exhibits and identify anticipated witnesses, and he issued other rulings governing the presentation of evidence during the Hearing.[4]

During the Hearing, the Defendant appeared *pro se*, and Patricia A.C. McCullagh, Esquire, Office of General Counsel, appeared on behalf of the Bureau. The Bureau presented the direct testimony of Richard Tozer, the Bureau's Manager of Agent Licensing.[5] The Bureau also entered eleven exhibits in support of its Denial, including: (1) the Defendant's voluntary surrender of his Virginia license in 2010 ("2010 Surrender"); (2) the Defendant's application for a non-resident Virginia insurance license in 2014 ("2014 Application"); (3) the Defendant's application for a resident Virginia insurance license in 2015 ("2015 Application"); (4) the Defendant's 2018 Application; (5) the Defendant's insurance license application submitted to the Maryland Insurance Administration; and (6) the Maryland Insurance Administration's revocation of the Defendant's insurance license in 2016.[6]

During the Hearing, Mr. Tozer testified about the Bureau's licensing process and the levels of internal review an application receives before being denied.[7] Mr. Tozer also explained that the Bureau receives approximately 5,000 licensing applications to review each month.[8] Given the high volume of applications received, Mr. Tozer stated that the Bureau relies significantly on applicants to fully and accurately disclose requested and relevant information in their applications.[9]

Mr. Tozer further testified that the Defendant's 2018 Application was reviewed pursuant to the Bureau's standard procedures.[10] He stated that the 2018 Application was ultimately denied by the Bureau as being non-compliant with §§ 38.2-1831 and 38.2-1832 (A) of the Code because: (1) the Defendant had submitted the 2010 Surrender in response to a Bureau investigation into his potential misuse of premium funds; (2) the Defendant had submitted false or inaccurate information on his 2014 Application and 2015 Application regarding his prior disciplinary history with the Bureau; and (3) the Maryland Insurance Administration had revoked the Defendant's insurance license in 2016 because the Defendant had submitted false address and residence information in support of his application for a Maryland insurance license and had not disclosed his prior disciplinary history with the Bureau, as required by Maryland law.[11]

The Defendant testified on his own behalf. He did not deny the Bureau's allegations, but instead expressed remorse and accepted blame for the events that led to the denial of his 2018 Application and the subsequent Hearing.[12] The Defendant did not call any other witnesses to testify on his behalf. Though the Defendant proffered ten exhibits consisting of letters and e-mails from certain character references, those documents were deemed hearsay and were not admitted into evidence.[13]

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[1] *See* Dec. 12, 2018 Letter to Ariel D'Alessandro, Exhibit ("Ex.") 3.

[2] *See* Jan. 4, 2019 Petition Letter with Denial Letter (Doc. Con. Cen. No. 190110068).

[3] *See* Jan. 31, 2019 Scheduling Order (Doc. Con. Cen. No. 190150173).

[4] *See* Hearing Examiner Rulings dated Feb. 8, 2019, Feb. 11, 2019, and Feb. 15, 2019 (Doc. Con. Cen. Nos., 190210232, 190210278, 190220211).

[5] *See* Transcript ("Tr.") at 30-73.

[6] *See* Tr. at 30-75, and specifically, Exhibits 4, 5, 7, 2, 10 and 11.

[7] *See* Tr. at 31-50.

[8] *See* Tr. at 33.

[9] *See* Tr. at 59.

[10] *See* Tr. at 44.

[11] *See* Tr. at 45; Ex. 3.

[12] *See* Tr. at 82-84.

[13] *See* Tr. at 89-94.

On March 28, 2019, the Hearing Examiner issued his Report, summarizing the procedural background and substantive evidence in the case.[14] After analyzing the evidence and testimony of the witnesses, the Hearing Examiner found that the Bureau proved by clear and convincing evidence that the Commission should affirm the Bureau's Denial of the 2018 Application pursuant to §§ 38.2-1831 and 38.2-1832 (A) of the Code.[15] Though § 38.2-1832 (A) of the Code provides that unless otherwise authorized by the Commission, applicants who are denied an insurance license are statutorily barred from reapplying for an insurance license for five years, the Hearing Examiner found that the Defendant's remorse during the Hearing was a mitigating factor to be considered for reducing this time frame.[16] Accordingly, the Hearing Examiner recommended that the Commission consider reducing the time frame for which the Defendant was statutorily barred from reapplying for an insurance license with the Bureau from five years to three years, as authorized by § 38.2-1832 (A) of the Code.[17]

Accordingly, the Hearing Examiner recommended that the Commission enter an Order (1) adopting the findings of the Report; (2) affirming the Bureau's Denial of the 2018 Application; (3) preventing the Defendant from reapplying for a Virginia insurance license until three years after the entry of the Commission's Order in this case; and (4) dismissing this case from the docket.[18]

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Hearing Examiner's findings and recommendations are reasonable, are supported by the evidentiary record, and should be adopted. Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the March 28, 2019 Hearing Examiner's Report are hereby adopted.

(2) The Bureau's Denial of the Defendant's 2018 Application is affirmed.

(3) The Defendant shall not be allowed to apply for an insurance license with the Bureau until three full years after the date of this Final Order.[19]

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

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[14] *See* March 28, 2019 Hearing Examiner's Report ("Report") (Doc. Con. Cen. No. 190360015).

[15] *See* Report at 15.

[16] *See* Report at 15-16.

[17] *Id.*

[18] *See* Report at 16-17.

[19] However, as stated by the Hearing Examiner in his Report, although the Defendant may reapply for an insurance license with the Bureau after the designated time period has elapsed, approval of that license application is not guaranteed. *See* Report at 16. Instead, the Bureau will review any future application to determine whether issuance of a license to the Defendant is appropriate pursuant to §§ 38.2-1831 and 38.2-1832 (A) of the Code, or other applicable statutes or regulations.

CASE NO. INS-2019-00003
FEBRUARY 14, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JEREMY EDWARD CARLSON,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jeremy Edward Carlson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated§ 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated November 28, 2018, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within 30 calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00004
FEBRUARY 21, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FRED FELDER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Fred Felder ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and § 38.2-1831 (1) by providing materially incorrect, misleading, incomplete, or untrue information in the license application filed with the Commission.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated December 13, 2018, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within 30 calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and § 38.2-1831 (1) by providing materially incorrect, misleading, incomplete, or untrue information in the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00005
FEBRUARY 15, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ANTIONETTE L. RANDLES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Antionette L. Randles ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction; § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application filed with the Commission; and § 38.2-1831 (9) of the Code by having been convicted of a felony.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated December 12, 2018, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise responded to the Bureau's December 12, 2018 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within 30 calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction; § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application filed with the Commission; and § 38.2-1831 (9) of the Code by having been convicted of a felony.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00006
MAY 28, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARY LYNN PLEASANT,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Mary Lynn Pleasant ("Pleasant" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1813 (A) of the Code of Virginia ("Code") by failing to hold in a fiduciary capacity funds received by the Defendant from an insured.

Pleasant is a Virginia resident licensed with the following line of authority: Property & Casualty.

The Bureau alleges that Pleasant diverted funds she received and should have held in a fiduciary capacity on behalf of one insured and used those funds to pay the insurance premium for another insured.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective December 17, 2018, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from December 17, 2018.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00007
JANUARY 23, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
BRYAN TREVOR THOMPSON
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Bryan Trevor Thompson ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making false statements on insurance documents to obtain commissions, § 38.2-1831 (10) of the Code by engaging in dishonest and untrustworthy business conduct in Virginia, and 14 VAC 5-30-40 of the Commission's Rules Governing Life Insurance and Annuity Replacements ("Rules"), 14 VAC 5-30-10, *et seq.* by failing to follow agent's duties and responsibilities with respect to application replacements.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Five Thousand Dollars ($5,000) and waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00009
MARCH 14, 2019

HEALTH PLAN INTERMEDIARIES HOLDINGS, LLC d/b/a HEALTH INSURANCE INNOVATIONS,

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Health Insurance Innovations, Inc. and Health Plan Intermediaries Holdings, LLC and the Florida Department of Financial Services, the Indiana Department of Insurance, the Kansas Insurance Department, the Office of the Montana State Auditor, Commissioner of Securities and Insurance, and the Utah Insurance Department

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) that the State Corporation Commission ("Commission") approve and accept a multi-state Regulatory Settlement Agreement ("Agreement"), dated December 12, 2018, a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the states of Florida, Indiana, Kansas, Montana, and Utah and Health Plan Intermediaries Holdings, LLC d/b/a Health Insurance Innovations, an Indiana entity licensed to transact the business of insurance in the Commonwealth of Virginia; and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement.

NOW THE COMMISSION, having considered the terms of the Agreement together with the recommendation of the Bureau that the Commission approve and accept the Agreement, is of the opinion, finds, and ORDERS that: (i) the Agreement hereby is APPROVED AND ACCEPTED; and (ii) the Commissioner of Insurance hereby is authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement.

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

CASE NO. INS-2019-00012
FEBRUARY 21, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
REBECCA BURROUGHS ADAMS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Rebecca Burroughs Adams ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated December 13, 2018, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within 30 calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00013
FEBRUARY 15, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ERICK FANFAN CALIXTE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Erick Fanfan Calixte ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (A) of the Code of Virginia ("Code") by failing to report to the Commission within 30 calendar days a change in the Defendant's residence; and § 38.2-1826 (C) of the Code by failing to report to the Commission within 30 calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated November 28, 2018, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (A) of the Code by failing to report to the Commission within 30 calendar days a change in the Defendant's residence; and § 38.2-1826 (C) of the Code by failing to report to the Commission within 30 calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00015
FEBRUARY 20, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
BREWER CYCLES, INC., *et al.*,
Defendants

ORDER REVOKING LICENSE

Based on a review of the records of the Bureau of Insurance ("Bureau"), it is alleged that the Defendants, whose names are set forth in Attachment A, which is attached hereto and made a part hereof, each of whom is duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agency in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1820 (B) (2) of the Code of Virginia ("Code") by failing to designate an employee, officer, director, manager, member, or partner to serve as the licensed producer responsible for the Defendants' compliance with the insurance laws, rules, and regulations of Virginia; and § 38.2-1826 (E) of the Code by failing to report within 30 calendar days to the Commission the removal of the Defendants' designated licensed producer responsible for such compliance, along with the name of their new designated licensed producer.

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

The Defendants have been notified of the right to a hearing before the Commission in this matter by certified letter dated January 14, 2019 and mailed to the Defendants' addresses shown in the records of the Bureau.

The Defendants, having been advised in the above manner of the right to a hearing in this matter, have failed to request a hearing, and have not otherwise communicated with the Bureau.

The Bureau, upon the Defendants' failure to request a hearing, has recommended that the Commission enter an order revoking the Defendants' licenses to transact business as insurance agencies in Virginia.

NOW THE COMMISSION is of the opinion and finds that the Defendants have violated § 38.2-1820 (B) (2) of the Code by failing to designate an employee, officer, director, manager, member, or partner to serve as the licensed producer responsible for the Defendants' compliance with the insurance laws, rules, and regulations of Virginia; and § 38.2-1826 (E) of the Code by failing to report within 30 calendar days to the Commission the removal of the Defendants' designated licensed producer responsible for such compliance, along with the name of their new designated licensed producer.

The Commission also finds that the Defendants should be allowed the opportunity to reapply and obtain their licenses immediately, provided they include the name of their designated licensed producer on the application. Furthermore, the Commission shall vacate the Order Revoking License as to any Defendant that elects to reapply and provides the required information.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendants to transact business as insurance agencies in Virginia are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendants shall transact no further business in Virginia as insurance agencies.

(4) The Defendants may immediately reapply to the Commission to be licensed as insurance agencies provided they include the name of their designated licensed producer on the application. The Commission shall also vacate this Order as to any Defendant that elects to reapply and provides the required information on the application.

(5) The Bureau shall provide each Defendant with a copy of this Order and notify every insurance company for which the Defendants hold appointments to act as insurance agencies.

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

ATTACHMENT A

56-1286004	BREWER CYCLES INC	420 WARRENTON RD	HENDERSON, NC 27537-8269
20-4211458	BUCKLES GROUP LLC	1701W MKT ST	JOHNSON CITY, TN 37604
32-0078529	BUYSAFE, INC	1621 N KENT ST, STE 706	ARLINGTON, VA 22209-2111
54-1637557	COASTAL LAND TITLE INSURANCE AGENCY, LTD	PO BOX 1410	GRAFTON, VA 23692
62-0853904	INSURANCE HOUSE INC	P 0 BOX 10625	KNOXVILLE, TN 37939
58-2083244	LOY DAY INSURANCE AGENCY INC	282 SOUTH MAIN STREET, SUITE C	ALPHARETTA, GA 30004
20-2278192	NORTHSTAR SETTLEMENTS LLC	1934 OLD GALLOWS RD, STE 350	VIENNA, VA 22182-4050
81-5446599	RBMS HEALTH INC	3409 OVERHILL TRAIL	ROANOKE, VA 24018
46-3276754	SENIOR SUPPLEMENT RESEARCH SERVICE LLC	PO BOX 445	CLINTON, MO 64735
94-3435780	STRATEGIC BENEFIT SOLUTIONS INC	12 KINGSDALE STREET PO BOX 1023	BURLINGTON, MA 01803

82-1304680	WAYPOINT STRATEGIES	1505 SIMI CT	VIRGINIA BEACH, VA 23454-7406
26-2167333	WESTFALL INSURANCE GROUP INC OF MD	5462 ANNAPOLIS RD	BLADENSBURG, MD 20710
26-3150147	YAKSHNA CORPORATION	1043 STERLING ROAD, SUITE 201	HERNDON, VA 20170-4685

CASE NO. INS-2019-00016
FEBRUARY 20, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
KENNETH PRITCHETT,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Kenneth Pritchett ("Pritchett" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making false or fraudulent statements or representations on applications relating to the business of insurance for the purpose of obtaining commissions from an insurer; § 38.2-512 (B) of the Code by affixing the signature of any other person to documents pertaining to the business of insurance without the written authorization of the person whose signature appears on such documents; and § 38.2-1831 (10) of the Code by using fraudulent or dishonest practices and demonstrating untrustworthiness in the conduct of business in Virginia.

Pritchett is a Virginia resident licensed with the following lines of authority: Life & Annuities and Health.

The Bureau alleges that Pritchett completed and submitted fraudulent insurance applications on behalf of non-existent individuals to American Family Life Assurance Company for the purpose of obtaining commissions. The applications contained false and incorrect information, as well as signatures that Pritchett had forged, copied and pasted, or electronically submitted without the applicants' knowledge or consent.

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

The Defendant has been advised of the 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 pursuant to which the Defendant has agreed to waive the right to a hearing, to voluntarily surrender the authority to act as an insurance agent in Virginia effective January 29, 2019, and not to make any application to transact the business of insurance in Virginia for a period of five (5) years from January 29, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00017
MARCH 7, 2019

GLOBE LIFE AND ACCIDENT INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Globe Life and Accident Insurance Company and the Kansas Department of Insurance, the Minnesota Department of Commerce, the Missouri Department of Insurance, the Nebraska Department of Insurance, and the Oklahoma Insurance Department

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) that the State Corporation Commission ("Commission") approve and accept a multi-state Regulatory Settlement Agreement ("Agreement") dated January 9, 2019, a copy of which is attached hereto and made a part hereof, by and between the commissioners of insurance for the states of Kansas, Minnesota, Missouri, Nebraska, and Oklahoma and Globe Life and Accident Insurance Company, a Nebraska entity licensed to transact the business of insurance in the Commonwealth of Virginia; and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement.

NOW THE COMMISSION, having considered the terms of the Agreement together with the recommendation of the Bureau that the Commission approve and accept the Agreement, is of the opinion, finds, and ORDERS that: (i) the Agreement is hereby APPROVED AND ACCEPTED; and (ii) the Commissioner of Insurance is hereby authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement.

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

CASE NO. INS-2019-00018
FEBRUARY 14, 2019

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

SETTLEMENT ORDER

Based on a market conduct investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Praetorian Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in company correspondence dated October 1, 2018, confirmed that restitution was made to 716 consumers in the amount of One Hundred Eighty-three Thousand Eight Hundred Nineteen Dollars ($183,819), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00021
FEBRUARY 22, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
HARTFORD FIRE INSURANCE COMPANY, HARTFORD UNDERWRITERS INSURANCE COMPANY,
TRUMBULL INSURANCE COMPANY, and TWIN CITY FIRE INSURANCE COMPANY
Defendants

SETTLEMENT ORDER

Based on a market conduct investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Hartford Fire Insurance Company, Hartford Underwriters Insurance Company, Trumbull Insurance Company, and Twin City Fire Insurance Company (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the 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 outlined in company correspondence dated January 2, 2019 and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00024
MAY 28, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TIFFINY LOUISE SWANN,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Tiffiny Louise Swann ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated October 11, 2018, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00027
MAY 29, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CINDY Y. SANTOS,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Cindy Y. Santos ("Santos" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (6) of the Code of Virginia ("Code") by misappropriating or converting moneys or properties received in the course of doing insurance business.

Santos is a West Virginia resident licensed with the following line of authority: Property & Casualty.

The Bureau alleges that Santos used an insured's credit card to pay for her personal insurance policy without the insured's knowledge or consent.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission, wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective February 15, 2019, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from February 15, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00028
MARCH 13, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
KAREN JEANNINE VIA,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Karen Jeannine Via ("Via" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making a false or fraudulent statement or representation on an application relating to the business of insurance for the purpose of obtaining a commission from an insurer and § 38.2-512 (B) of the Code by affixing the signature of any other person to such document without the written authorization of the person whose signature appears on such document.

Via is a Virginia resident licensed with the following line of authority: Property & Casualty.

The Bureau alleges that Via forged an individual's signature on an application and submitted it to an insurer without the individual's authorization or knowledge.

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

The Defendant has been advised of the 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 and agreed to waive the right to a hearing, voluntarily surrender the authority to act as an insurance agent in Virginia effective February 14, 2019, and not make any application to transact the business of insurance in Virginia for a period of five (5) years from this date.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00029
MARCH 13, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
BRITTANY N. HUMPHREY,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Brittany N. Humphrey ("Humphrey" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making false or fraudulent statements or representations on applications relating to the business of insurance for the purpose of obtaining a fee, commission, money, or other benefit from an insurer.

Humphrey is a Virginia resident licensed with the following line of authority: Personal Lines.

The Bureau alleges that Humphrey completed and submitted insurance applications on behalf of individuals to Allstate Insurance Company that contained false or fraudulent information.

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

The Defendant has been advised of the 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 whereby the Defendant has agreed to waive the right to a hearing, to voluntarily surrender the authority to act as an insurance agent in Virginia effective February 20, 2019, and not to make any application to transact the business of insurance in Virginia for a period of five (5) years from February 20, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00030
FEBRUARY 27, 2019

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

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Elephant Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq*., of the Virginia Administrative Code by failing to properly issue first party claim payments under the insured's Uninsured Motorist Property Damage Coverage.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code of Virginia ("Code") to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in company correspondence dated October 17, 2018, has confirmed that restitution was made to 194 consumers in the amount of Forty-seven Thousand Six Hundred Nineteen Dollars and Sixty-one Cents ($47,619.61), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00032
MARCH 22, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JONAS KNOPF,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jonas Knopf ("Knopf" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making false or fraudulent statements or representations on applications relating to the business of insurance for the purpose of obtaining a commission from an insurer, and § 38.2-1831 (10) of the Code by using fraudulent or dishonest practices in the conduct of business in Virginia.

Knopf is a New Jersey resident licensed with the following lines of authority: Life & Annuities and Health.

The Bureau alleges that Knopf made false or fraudulent statements on group health insurance applications by enrolling individual residents of New Jersey or New York into Virginia employee-based group health insurance plans when the individuals were not employees in Virginia and not otherwise eligible for such coverage. These applications were submitted to CareFirst Blue Choice Inc. and Group Hospitalization and Medical Services Inc.

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

The Defendant has been advised of the 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 whereby he has agreed to waive the right to a hearing, to voluntarily surrender the authority to act as an insurance agent in Virginia effective February 12, 2019, and to not make any application to transact the business of insurance in Virginia for a period of five (5) years from February 12, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00033
MAY 22, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SCOTT M. YAGER,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Scott M. Yager ("Yager" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

Yager is a Missouri resident licensed with the following lines of authority: Life & Annuities and Health.

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

The Defendant has been advised of the 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, has agreed to waive the right to a hearing, has agreed to voluntarily surrender the authority to act as an insurance agent in Virginia, effective April 5, 2019, and has agreed not to make any application to transact the business of insurance in Virginia for a period of one (1) year from April 5, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00034
JUNE 13, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ALTON ROY STEVENSON, JR.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Alton Roy Stevenson, Jr. ("Stevenson" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making false or fraudulent representations on an application relating to the business of insurance for the purpose of obtaining a commission from an insurer; § 38.2-512 (C) by causing or allowing to be obtained by false pretenses the signature of another person on a document pertaining to the business of insurance for the purpose of changing the terms of an insurance contract; and § 38.2-1831 (10) of the Code by using fraudulent or dishonest practices in the conduct of business in Virginia.

Stevenson is a North Carolina resident licensed with the following lines of authority: Life & Annuities and Health.

The Bureau alleges that Stevenson fraudulently included on applications he prepared and submitted the signature of another agent who was not, in fact, present to sign those applications.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission, wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia, effective April 23, 2019, and has agreed not to not make any application to transact the business of insurance in Virginia for a period of five (5) years from April 23, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00035
MARCH 11, 2019

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

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that The General Automobile Insurance Company, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq*., of the Virginia Administrative Code by failing to properly issue first party claim payments under the insured's Uninsured Motorist Property Damage Coverage.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code of Virginia ("Code") to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the 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 agreed to comply with the corrective action plans outlined in company correspondence dated June 28, 2018, and January 9, 2019, confirmed that restitution was made to 98 consumers in the amount of Twenty-seven Thousand Six Hundred Twenty-four Dollars and Sixty-two Cents ($27,624.62), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00036
JULY 18, 2019

COMMONWEALTH OF VIRGINIA, *ex. rel.*
STATE CORPORATION COMMISSION
v.
HOW INSURANCE COMPANY, A RISK RETENTION GROUP, HOME WARRANTY CORPORATION, and
HOME OWNERS WARRANTY CORPORATION,
Defendants

FINAL ORDER IN AID OF CONTINUING LIQUIDATION

On March 1, 2019, Scott A. White, Commissioner for the State Corporation Commission's ("Commission") Bureau of Insurance, in his capacity as Deputy Receiver of HOW Insurance Company, a Risk Retention Group ("HOWIC"), Home Warranty Corporation ("HWC"), and Home Owners Warranty Corporation ("HOW") (collectively, the "HOW Companies"), in receivership for liquidation, submitted in this case his Application for Final Order in Aid of Continuing Liquidation ("Application").[1] The Application requested an order: (i) providing for a contingent hearing, to be held only in the event that written opposition to the Application is timely filed; (ii) establishing response procedures; and (iii) approving notice procedures. The Application also sought a second, final Commission order: (i) ratifying the actions and conduct heretofore in this receivership of the Deputy Receiver, his predecessors, the Special Deputy Receiver, and their deputies, counsel, and consultants in furtherance of the ongoing liquidation of the HOW Companies pursuant to the June 13, 2005, Order Approving Plans of Liquidation[2] ("Liquidation Order");[3] (ii) approving the Application's Exhibit I-4F as the final and exclusive list of "Builder Distributees"[4] to whom to distribute the residual assets of the HOW Companies ("Residual Assets"), as well as any remainder of the reserve established pursuant to paragraph 9 of the HOW/HWC Plan of Liquidation ("Reserve for Final Expenses and Contingencies"), according to the percentages shown on the Application's Exhibit I-4F; and (iii) authorizing the Deputy Receiver to complete the escheatment of unclaimed distributions of Residual Assets and the remainder of the Reserve for Final Expenses and Contingencies, or to do so through the use of a trustee ("Trustee") of a liquidating trust ("Liquidating Trust" or "Trust") established pursuant to paragraph 13 of the HOW/HWC Plan of Liquidation,[5] or through the use of an escrow arrangement ("Escrow"), or by any combination of the foregoing as the Deputy Receiver deems necessary or appropriate, in the manner proposed in the Application (including providing that if the Deputy Receiver estimates that the costs of distributing any remainder of the Reserve for Final Expenses and Contingencies pro rata to Builder Distributees would exceed the amount of those remaining assets, those remaining funds shall instead be paid to the Treasurer of the Commonwealth of Virginia); and (iv) directing the Deputy Receiver, notwithstanding the reference to termination of a Trust in paragraph (14) of the Liquidation Order, to file a request in Case No. INS-1994-00218 for the Commission's approval to terminate and close the receivership proceedings when, for reasons such request would explain, the Deputy Receiver believes that the purposes of the liquidation proceeding have been accomplished (whether or not the use of a Trust proves necessary).

On March 25, 2019, the Commission entered its Scheduling and Procedural Order on the Application approving notice procedures, providing for a contingent hearing ("Contingent Hearing"), to be held only in the event that any person opposing the relief requested in the Application were to both file a Notice of Opposition to the Application no later than June 12, 2019, and file prepared testimony and exhibits of each witness expecting to present direct testimony on that person's behalf no later than July 12, 2019; and establishing response procedures.

No Notices of Opposition to the Application were filed.

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[1] *Commonwealth of Virginia ex rel. State Corporation Commission v. HOW Insurance Company, a Risk Retention Group, Home Warranty Corporation, and Home Owners Warranty Corporation*, Case No. INS-2019-00036, Doc. Con. Cen. No. 190310037, Application for Final Order in Aid of Continuing Liquidation (March 1, 2019).

[2] The "Plans of Liquidation" consist of the HOWIC Plan of Liquidation and the HOW/HWC Plan of Liquidation.

[3] *Commonwealth of Virginia ex rel. State Corporation Commission v. HOW Insurance Company, a Risk Retention Group, Home Warranty Corporation, and Home Owners Warranty Corporation*, Case No. INS-1994-00218, Doc. No. 358585, Order Approving Plans of Liquidation (June 13, 2005).

[4] The term "Builder Distributees" is used herein as defined in paragraph (8) of the Liquidation Order (*i.e.*, builders who were HOWIC insureds as of October 14, 1994, the date of the Receivership Order entered by the Circuit Court of the City of Richmond in *Commonwealth of Virginia ex rel. State Corporation Commission v. Home Warranty Corporation, Home Owners Warranty Corporation, and HOW Insurance Company, a Risk Retention Group,* Case No. HE-1059-1).

[5] The Application states that any Trust would be subject to supervision by the Deputy Receiver and the Commission, and that the Deputy Receiver would have the power to remove the Trustee and to appoint a successor Trustee.

NOW THE COMMISSION, having considered the Application, finds that the Contingent Hearing should be cancelled, and that the relief sought by the Deputy Receiver should be granted as herein set forth.

Accordingly, IT IS ORDERED THAT:

(1) The Commission ratifies the actions and conduct heretofore in this receivership of the Deputy Receiver, his predecessors, the Special Deputy Receiver, and their deputies, counsel, and consultants in furtherance of the ongoing liquidation of the HOW Companies pursuant to the Commission's June 13, 2005, Order Approving Plans of Liquidation.

(2) The Commission approves the Application's Exhibit I-4F as the final and exclusive list of Builder Distributees to whom to distribute the Residual Assets, as well as any remainder of the Reserve for Final Expenses and Contingencies, according to the percentages shown on the Application's Exhibit I-4F.

(3) The Commission authorizes the Deputy Receiver to complete the escheatment of unclaimed distributions of Residual Assets and the remainder of the Reserve for Final Expenses and Contingencies, or to complete the liquidation of the last of the receivership estate's assets through the use of a Liquidating Trust, or through the use of Escrow, or by any combination of the foregoing as the Deputy Receiver deems necessary or appropriate, in the manner proposed in the Application (provided, however, that if the Deputy Receiver estimates that the costs of distributing any remainder of the Reserve for Final Expenses and Contingencies pro rata to Builder Distributees would exceed the amount of those remaining assets, those remaining funds shall instead be paid to the Treasurer of the Commonwealth of Virginia).

(4) Notwithstanding the reference to termination of a Trust in paragraph (14) of the Liquidation Order, the Deputy Receiver shall file a request in Case No. INS-1994-00218 for the Commission's approval to terminate and close the receivership proceedings when, for reasons such request would explain, the Deputy Receiver believes that the purposes of the liquidation proceeding have been accomplished (whether or not the use of a Trust proves necessary).

(5) The Contingent Hearing set in this matter is cancelled.

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

CASE NO. INS-2019-00038
MARCH 20, 2019

APPLICATION OF
AMERICAN BENEFIT LIFE INSURANCE COMPANY

For approval of an assumptive reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia

ORDER APPROVING APPLICATION

By application filed with the State Corporation Commission ("Commission") dated February 6, 2019, American Benefit Life Insurance Company ("ABL" or "Applicant"), an Oklahoma-domiciled insurer, requested approval of the assumption and transfer ("assumptive reinsurance agreement") of 64 smaller-faced life insurance or annuity contracts from Continental Life Insurance Company ("Continental") to ABL pursuant to § 38.2-136 C of the Code of Virginia ("Code").

In support of its request, ABL states that the Board of Directors of Continental has authorized Continental to cease operations on December 31, 2018, transferring all of Continental's assets and liabilities to ABL, except for Continental's charter, licenses, and minimum capital and surplus required by its state of domicile. ABL is the sole shareholder of Continental. ABL is the parent insurer, licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, and is currently in good standing. Continental is not licensed to transact the business of insurance in the Commonwealth but issued the present contracts when the policyholders were residents of either Pennsylvania or Delaware and later moved to the Commonwealth.

Pursuant to § 38.2-136 C of the Code, the Applicant 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 contracts to the Applicant is in the best interest of the policyholders. Continental waived its right to a hearing pursuant to § 38.2-136 C of the Code, as evidenced by the letter of Janet Gustafson, Vice President Compliance, dated February 19, 2019.

The Bureau of Insurance ("Bureau"), 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 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 American Benefit Life Insurance Company for the approval of the assumptive reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia be, and it is hereby, APPROVED.

CASE NO. INS-2019-00042
MARCH 22, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
BENJAMIN RAINEY PHELPS,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Benjamin Rainey Phelps ("Phelps" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making false or fraudulent statements or representations on applications relating to the business of insurance for the purpose of obtaining a commission from an insurer; § 38.2-1812 (D) of the Code by sharing commissions with a person not duly appointed by an insurer; § 38.2-1812 (F) of the Code by sharing commissions with a person not licensed for the class of insurance involved in the transactions; and § 38.2-1831 (10) of the Code by using fraudulent or dishonest practices in the conduct of business in Virginia.

Phelps is a Florida resident licensed with the following line of authority: Life & Annuities.

The Bureau alleges that Phelps made false or fraudulent representations on annuity applications on behalf of customers who, contrary to what the applications represented, he had not met with. The Bureau further alleges that Phelps shared commissions with agents that were not appointed by an insurer or were not licensed for the class of insurance involved in the transactions.

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

The Defendant has been advised of the 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 whereby he has agreed to waive the right to a hearing, to voluntarily surrender the authority to act as an insurance agent in Virginia effective March 7, 2019, and to not make any application to transact the business of insurance in Virginia for a period of five (5) years from March 7, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00043
JUNE 19, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TARIK JOSEPH HUSSEIN,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Tarik Joseph Hussein ("Hussein" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1813 (A) of the Code of Virginia ("Code") by failing to pay premiums or other funds received by the Defendant to the insurance premium finance company entitled to such payment and § 38.2-1813 (B) of the Code by failing to maintain a fiduciary account separate from all other business and personal funds.

Hussein is a Virginia resident licensed with the following lines of authority: Life & Annuities, Health, and Property & Casualty.

The Bureau alleges that Hussein failed to repay a premium finance company funded premium and unearned commissions to which the company was entitled. The Bureau further alleges that Hussein failed to maintain a separate fiduciary account for premium funds and instead commingled such funds with other non-premium funds.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission, wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective March 11, 2019, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from March 11, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00044
JUNE 6, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TARIK HUSSEIN INSURANCE AGENCY INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Tarik Hussein Insurance Agency Inc. ("Agency" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1813 (A) of the Code of Virginia ("Code") by failing to pay premiums or other funds received by the Defendant to the insurance premium finance company entitled to such payment and § 38.2-1813 (B) of the Code by failing to maintain premiums in a fiduciary account separate from all other business and personal funds.

The Defendant is a Virginia resident agency licensed with the following lines of authority: Life & Annuities, Health, and Property & Casualty.

The Bureau alleges that the Agency failed to repay an insurance premium finance company funded premiums and unearned commissions that the premium finance company was entitled to receive. The Bureau further alleges that the Agency commingled premium funds with non-premium funds, instead of maintaining them in a separate fiduciary account.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, by and through one of its authorized corporate representatives and without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission, wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agency in Virginia effective March 11, 2019, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from March 11, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00046
MAY 28, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JACLYN MCRUNNEL,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jaclyn McRunnel ("McRunnel" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making false or fraudulent statements or representations on an application relating to the business of insurance for the purpose of obtaining a commission from an insurer and § 38.2-1822 (A) of the Code by knowingly permitting a person to act as an insurance agent without such person first obtaining a license as required by the Commission.

McRunnel is a Virginia resident licensed with the following lines of authority: Life & Annuities, Health, and Property & Casualty.

The Bureau alleges that McRunnel completed insurance applications that misrepresented and otherwise failed to disclose information relating to the insureds' motor vehicle records and submitted those applications to an insurer for the purpose of obtaining a commission. It also alleges that McRunnel permitted an unlicensed individual to present insurance applications to and obtain signatures from Virginia insureds.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission, wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective March 18, 2019, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from March 18, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00047
MARCH 29, 2019

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

CONSENT ORDER

Catawba Insurance Company ("Defendant"), a South Carolina-domiciled insurer, was initially licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia") on July 22, 1975.

The Defendant timely filed its December 31, 2018 Annual Statement that reflects the Defendant's surplus is below the $3 million minimum required by § 38.2-1028 of the Code of Virginia ("Code").

By letter to the Bureau of Insurance ("Bureau") dated March 21, 2019, and signed by the Defendant's President and CEO, Nanette D. Brunson, the Defendant consented to the suspension of its license to transact the business of insurance in Virginia.

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, the license of the Defendant to transact the business of insurance in Virginia is hereby SUSPENDED.

(2) The Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission.

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in Virginia are hereby SUSPENDED.

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in Virginia until further order of the Commission.

(5) The Bureau shall cause notice of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in Virginia as notice of the suspension of such agent's appointment.

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

CASE NO. INS-2019-00049
APRIL 10, 2019

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

CONSENT ORDER

Time Insurance Company ("Defendant"), a Wisconsin domiciled insurer, was initially licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia") on August 21, 1964.

The Defendant timely filed its December 31, 2018 Annual Statement that reflects the Defendant's capital and surplus are below the $1 million and $3 million minimums, respectively, as required by § 38.2-1028 of the Code of Virginia ("Code").

By letter to the Bureau of Insurance ("Bureau") dated March 23, 2019, and signed by Defendant's Chief Operating Officer, Gordon Rowell, the Defendant consented to the suspension of its license to transact the business of insurance in Virginia. In December 2018, Haven Holdings Inc. purchased the Defendant. The Defendant was subsequently redomiciled to Puerto Rico and the Defendant's name was changed to Time Insurance Company II. These changes have not yet been recognized by the Commission.

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, the license of the Defendant to transact the business of insurance in Virginia is hereby SUSPENDED.

(2) The Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission.

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in Virginia are hereby SUSPENDED.

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in Virginia until further order of the Commission.

(5) The Bureau shall cause notice of this Order to be sent to each of the Defendant's agents appointed to act on behalf of the Defendant in Virginia as notice of the suspension of such agent's appointment.

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

CASE NO. INS-2019-00051
MAY 29, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ANDREW SCOTT CORBMAN,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), the Bureau alleges that Andrew Scott Corbman ("Corbman" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1801 (A) of the Code of Virginia ("Code") by claiming to be an agent of an insurer when the Defendant was not an appointed

agent of that insurer; § 38.2-1812 (B) of the Code by accepting commission or other valuable consideration when the Defendant was not an appointed agent of an insurer that paid such commission or other valuable consideration; § 38.2-1822 (B) of the Code by acting as an agent on behalf of a business entity in the transaction of insurance when the Defendant was not appointed by that entity, as required by statute; § 38.2-1831 (5) of the Code by inducing an insured to terminate an existing policy and purchase a new policy through misrepresentation; § 38.2-1831 (10) of the Code by using fraudulent, coercive, or dishonest practices in the conduct of business in Virginia; § 38.2-1833 (A) (4) by selling or soliciting applications or policies on behalf of an insurer when the Defendant's appointment by that insurer had been terminated; 14 VAC 5-80-350 (2) of the Commission's Rules Governing Variable Life Insurance, 14 VAC 5-80-10 *et seq*., by failing to report to the Commission any disciplinary sanction imposed upon the Defendant by any national securities association; and 14 VAC 5-45-45 (A) of the Commission's Rules Governing Suitability in Annuity Transactions, 14 VAC 5-45-10 *et seq*., by failing to be in compliance with an insurer's standards for product training.

Corbman is a Virginia resident licensed with the following lines of authority: Life & Annuities and Health & Variable Contracts.

The Bureau alleges that, while selling, soliciting, and negotiating various insurance products and receiving commissions for the sale, solicitation, and negotiation of such insurance, Corbman claimed to act on behalf of insurers for which he was not an appointed agent. On August 22, 2018, one insurer sent Corbman a "cease and desist" letter demanding that he refrain from further selling or soliciting that insurer's products in violation of its training standards.

The Bureau further alleges that Corbman convinced at least four (4) of his customers to terminate their existing policies with one insurer and purchase new ones with another insurer, thus incurring surrender penalties.

Additionally, the Bureau alleges that Corbman failed to inform the Commission that the Financial Industry Regulatory Authority, or "FINRA," had suspended his securities license for thirty (30) days as of March 7, 2016 and had permanently barred him from the securities industry as of December 9, 2016.

When presented with the Bureau's above allegations, the Defendant elected to surrender voluntarily his Virginia insurance license rather than face administrative action being taken against him by the Commission.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law or the Bureau's allegations, has made an offer of settlement to the Commission wherein the Defendant has waived the right to a hearing and has agreed to surrender voluntarily the authority to act as an insurance agent in Virginia, effective as of sixty (60) days from April 22, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

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

CASE NO. INS-2019-00053
JUNE 6, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WILLIAM JOSEPH MANDELINE,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that William Joseph Mandeline ("Mandeline" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making false or fraudulent statements or representations on an application relating to the business of insurance for the purpose of obtaining a commission from an insurer and § 38.2-1831 (10) of the Code by using fraudulent or dishonest practices in the conduct of business in Virginia.

Mandeline is a Florida resident licensed with the following lines of authority: Life & Annuities and Health.

The Bureau alleges that Mandeline made false representations about an insured's employment on insurance applications and submitted the applications to an insurer for the purpose of obtaining a commission.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission, wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective March 28, 2019, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from March 28, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00054
MAY 31, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROSEMARY ROMANO,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Rosemary Romano ("Romano" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making false or fraudulent statements or representations on an application relating to the business of insurance for the purpose of obtaining a commission from an insurer; § 38.2-512 (B) of the Code by affixing the signature of any other person to a document pertaining to the business of insurance without the written authorization of such person; and § 38.2-1831 (10) of the Code by using dishonest practices in the conduct of business in Virginia.

Romano is a Virginia resident licensed with the following line of authority: Life & Annuities.

The Bureau alleges that Romano used fraudulent addresses and names and made other fraudulent representations on insurance applications and submitted these applications to the insurer for the purpose of obtaining a commission. The Bureau further alleges that Romano signed other individuals' names on insurance applications without their permission.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission, wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective April 16, 2019, and has agreed not to make any application to transact the business of insurance in Virginia for a period of two (2) years from April 16, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00055
MAY 29, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHAD WINKLER,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Chad Winkler ("Winkler" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

Winkler is an Iowa resident licensed with the following lines of authority: Life & Annuities, Health, and Personal Lines.

The Bureau alleges that Winkler filed an insurance license application with the Commission on August 25, 2016 in which he misrepresented and otherwise failed to disclose his prior criminal convictions.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective April 3, 2019, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from April 3, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00056
JUNE 21, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COVENTRY HEALTH AND LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination conducted by the Bureau of Insurance ("Bureau"), it is alleged that Coventry Health and Life Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-510 A (15) of the Code of Virginia ("Code") by failing to comply with claim settlement practices; § 38.2-3407.1 B of the Code by failing to comply with the requirements for the payment of interest; §§ 38.2-3407.15 B (1), 38.2-3407.15 B (3), 38.2-3407.15 B (6), 38.2-3407.15 B (7), 38.2-3407.15 B (8), and 38.2-3407.15 B (9) of the Code by failing to comply with ethics and fairness requirements in carrier business practices; §§ 38.2-3407.15:1 B (1), 38.2-3407.15:1 B (2), 38.2-3407.15:1 B (3), 38.2-3407.15:1 B (4), 38.2-3407.15:1 B (5), 38.2-3407.15:1 B (6), 38.2-3407.15:1 B (7), 38.2-3407.15:1 B (8), 38.2-3407.15:1 B (9), and 38.2-3407.15:1 C of the Code by failing to comply with contract requirements between the Defendant and pharmacy providers; §§ 38.2-3407.15:2 B (1), 38.2-3407.15:2 B (2), 38.2-3407.15:2 B (3), 38.2-3407.15:2 B (4), 38.2-3407.15:2 B (5), 38.2-3407.15:2 B (6), 38.2-3407.15:2 B (7), and 38.2-3407.15:2 B (8) of the Code by failing to comply with contract requirements between the Defendant and a participating health care provider, or its contracting agent, regarding prior authorization; §§ 38.2-3407.15:3 B (1), 38.2-3407.15:3 B (2), 38.2-3407.15:3 B (3), 38.2-3407.15:3 B (4), 38.2-3407.15:3 C (1), 38.2-3407.15:3 C (2), 38.2-3407.15:3 C (3), 38.2-3407.15:3 C (4), and 38.2-3407.15:3 C (5) of the Code by failing to comply with contract and intermediary contract requirements between the Defendant and pharmacy providers regarding disclosure and updating of maximum allowable cost of drugs; and 14 VAC 5-400-60 A of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq*., by failing to provide claimants timely notification of acceptance or denial of claims.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in the Bureau's Target Market Conduct Examination Report of December 31, 2016, has tendered to the Treasurer of Virginia the sum of Eighteen Thousand Dollars ($18,000), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00057
JUNE 6, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LIBERTY MUTUAL FIRE INSURANCE COMPANY, LIBERTY MUTUAL INSURANCE COMPANY,
THE FIRST LIBERTY INSURANCE CORPORATION, LM INSURANCE CORPORATION, LIBERTY INSURANCE CORPORATION, and
LM GENERAL INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct examination conducted by the Bureau of Insurance ("Bureau"), it is alleged that Liberty Mutual Fire Insurance Company, Liberty Mutual Insurance Company, The First Liberty Insurance Corporation, LM Insurance Corporation, Liberty Insurance Corporation, and LM General Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-305 A of the Code of Virginia ("Code") by failing to provide the information required by statute in an insurance policy; § 38.2-1906 A of the Code by failing to file all rates and supplementary rate information; and§ 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying 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 outlined in company correspondence dated October 22, 2018, February 27, 2019, March 15, 2019, and April 22, 2019; have confirmed that restitution was made to 16 consumers in the amount of Five Thousand Three Hundred Twenty-eight Dollars and Sixty-two Cents ($5,328.62); have tendered to the Treasurer of Virginia the sum of Twenty-two Thousand Five Hundred Dollars ($22,500); and have waived the right to a hearing.

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

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

Accordingly, IT I S ORDERED THAT:

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

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

CASE NO. INS-2019-00058
MAY 13, 2019

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

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Pennsylvania National Mutual Casualty Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in company correspondence dated December 21, 2018, has tendered to Virginia the sum of Two Thousand Five Hundred Dollars ($2,500), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00059
MAY 13, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PENNSYLVANIA and
THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA,
Defendants

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that National Union Fire Insurance Company of Pittsburgh, Pennsylvania and The Insurance Company of the State of Pennsylvania (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the 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 outlined in company correspondence dated July 25, 2018, confirmed that restitution was made to three consumers in the amount of Twenty-Three Thousand Eight Hundred Six Dollars and Fifty Cents ($23,806.50), have tendered to Virginia the sum of Five Thousand Dollars ($5,000), and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00061
MAY 23, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ELAINE MARGARET LEFEVRE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Elaine Margaret Lefevre ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated April 2, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00062
MAY 24, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JESSICA E. LAUCK,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jessica E. Lauck ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction and by failing to include in such report a copy of relevant legal documents, and § 38.2-1809 of the Code by failing to provide the Bureau with or otherwise refusing to allow the Bureau to examine requested documents.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated April 2, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise responded to the Bureau's April 2, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction and by failing to include in such report a copy of relevant legal documents, and § 38.2-1809 of the Code by failing to provide the Bureau with or otherwise refusing to allow the Bureau to examine requested documents.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00064
MAY 29, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DAPHNE LYNN EUBANK,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Daphne Lynn Eubank ("Eubank" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making false or fraudulent statements or representations on an application relating to the business of insurance for the purpose of obtaining a commission from an insurer; § 38.2-512 (B) of the Code by affixing the signature of any other person to a document pertaining to the business of insurance without the written authorization of the person whose signature appears on such document; and § 38.2-1831 (10) of the Code by using fraudulent or dishonest practices in the conduct of business in Virginia.

Eubank is a Virginia resident licensed with the following lines of authority: Life & Annuities, Health, and Property & Casualty.

The Bureau alleges that Eubank signed an insurance application and related documents on behalf of an insured without the insured's written authorization, knowledge, or consent and submitted such documents to an insurer for the purpose of obtaining a commission.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission, wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective April 30, 2019, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from April 30, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00066
MAY 31, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JAMES CHARLES WOODLAND, JR.,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that James Charles Woodland, Jr. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1845.2 (A) of the Code of Virginia ("Code") by engaging in the business of public adjusting without first applying for and obtaining a license from the Commission; § 38.2-1845.13 (A) (12) of the Code by failing to ensure that a contract contained a five (5) business day rescission clause as required; § 38.2-1845.13 (B) of the Code by failing to provide a separate disclosure document to the insured as required; § 38.2-1845.22 of the Code by failing or refusing to fully respond to a written request for information made by the Commission, pursuant to its authority to examine and investigate the Defendant's business affairs as a public adjuster; § 38.2-1845.10 (2) of the Code by violating insurance laws or violating any regulation of the Commission; and § 38.2-1845.10 (7) of the Code by demonstrating incompetence or untrustworthiness in the conduct of business in Virginia.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1845.10 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated January 10, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise responded to the Bureau's January 10, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as a public adjuster.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1845.2 (A) of the Code by engaging in the business of public adjusting without first applying for and obtaining a license from the Commission; § 38.2-1845.13 (A) (12) of the Code by failing to ensure that a contract contained a five (5) business day rescission clause as required; § 38.2-1845.13 (B) of the Code by failing to provide a separate disclosure document to the insured as required; § 38.2-1845.22 of the Code by failing or refusing to fully respond to a written request for information made by the Commission, pursuant to its authority to examine and investigate the Defendant's business affairs as a public adjuster; § 38.2-1845.10 (2) of the Code by violating insurance laws or violating any regulation of the Commission; and § 38.2-1845.10 (7) of the Code by demonstrating incompetence or untrustworthiness in the conduct of business in Virginia.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as a public adjuster is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as a public adjuster.

(4) The Defendant shall not apply to the Commission to be licensed as a public adjuster in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as a public adjuster in Virginia.

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

CASE NO. INS-2019-00067
JUNE 21, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COVENTRY HEALTH CARE OF VIRGINIA, INC.,
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination conducted by the Bureau of Insurance ("Bureau"), it is alleged that Coventry Health Care of Virginia, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated §§ 38.2-510 A (2), 38.2-510 A (3), 38.2-510 A (5), and 38.2-510 A (14), and 38.2-510 A (15) of the Code of Virginia ("Code") by failing to comply with claim settlement practices; § 38.2-514 B of the Code by failing to make proper disclosures on the explanation of benefits; § 38.2-1812 A of the Code by paying or sharing commissions with an unlicensed agent; § 38.2-1833 A (1) of the Code by failing to file a notice of appointment of an agent with the Commission; § 38.2-1834 D of the Code by failing to notify an agent of the termination of her appointment; § 38.2-3405 B of the Code by failing to comply with the required subrogation provisions; § 38.2-3407.4 B of the Code by failing to accurately and clearly set forth the benefits payable under the contract in the explanation of benefits; §§ 38.2-3407.15 B (1), 38.2-3407.15 B (3), 38.2-3407.15 B (4), 38.2-3407.15 B (7), 38.2-3407.15 B (8), and 38.2-3407.15 B (9) of the Code by failing to comply with ethics and fairness requirements in carrier business practices; §§ 38.2-3407.15:1 B (1), 38.2-3407.15:1 B (2), 38.2-3407.15:1 B (3), 38.2-3407.15:1 B (4), 38.2-3407.15:1 B (5), 38.2-3407.15:1 B (6), 38.2-3407.15:1 B (7), 38.2-3407.15:1 B (8), 38.2-3407.15:1 B (9), and 38.2-3407.15:1 C of the Code by failing to comply with contract requirements between the Defendant and pharmacy providers; §§ 38.2-3407.15:2 B (1), 38.2-3407.15:2 B (2), 38.2-3407.15:2 B (3), 38.2-3407.15:2 B (4), 38.2-3407.15:2 B (5), 38.2-3407.15:2 B (6), 38.2-3407.15:2 B (7), and 38.2-3407.15:2 B (8) of the Code by failing to comply with contract requirements between the Defendant and a participating health care provider, or its contracting agent, regarding prior authorization; §§ 38.2-3407.15:3 B (1), 38.2-3407.15:3 B (2), 38.2-3407.15:3 B (3), 38.2-3407.15:3 B (4), 38.2-3407.15:3 C (1), 38.2-3407.15:3 C (2), 38.2-3407.15:3 C (3), 38.2-3407.15:3 C (4), and 38.2-3407.15:3 C (5) of the Code by failing to comply with contract and intermediary contract requirements between the Defendant and pharmacy providers regarding disclosure and updating of maximum allowable cost of drugs; § 38.2-4306.1 B of the Code by failing to pay interest on claim proceeds; § 38.2-5804 A of the Code by failing to establish and maintain a complaint system approved by the Commission; §§ 38.2-5805 C (1) and 38.2-5805 C (2) of the Code by failing to include the proper clauses and notices in the provider contracts as required by the Commission; § 38.2-3559 A of the Code by failing to correctly notify covered persons of the right to request an external review; 14 VAC 5-90-20 B of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance ("Rules") 14 VAC 5-90-10 *et seq*., by failing to establish and at all times maintain a system of control over the content, form and method of dissemination of all advertisements of its policies and 14 VAC 5-90-170 A of the Commission's Rules by failing to maintain all advertisements in a file for the longer of four years or until the filing of the next regular report on examination of the insurer; 14 VAC 5-211-150 A of the Commission's Rules Governing Health Maintenance Organizations by failing to maintain a complaint system and an internal appeals procedure approved by the Commission; and 14 VAC 5-216-40 E (1) of the Commission's Rules Governing Internal Appeal and External Review by failing to comply with the required notifications for an internal appeal.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in the Bureau's Target Market Conduct Examination Report dated December 31, 2016, has tendered to Virginia the sum of Forty Thousand Eight Hundred Dollars ($40,800), and has waived the right to a hearing. The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code.

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00073
SEPTEMBER 10, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SAFINEA BARBEE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Safinea Barbee ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing materially incorrect, misleading, incomplete or untrue information on the November 7, 2017 insurance license application she filed with the Commission in that she denied having any misdemeanor convictions, when in fact, she was convicted of petty theft in November 2013 in the Denver County Court, Colorado.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated June 13, 2019, and mailed to the Defendant's address shown in the records of the Bureau. The Defendant was further notified by electronic mail correspondence on July 15, 2019.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's June 13, 2019 letter and July 15, 2019 correspondence via electronic mail.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00074
MAY 22, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JO UANA CARTER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jo Uana Carter ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated April 18, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00075
MAY 22, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ANGELYNE MICHELLE PALOWITZ,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Angelyne Michelle Palowitz ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated April 18, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00077
JUNE 20, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ANTONIO GAUSE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Antonio Gause ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated April 18, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's April 18, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00078
JUNE 20, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
RUTH LYNN ELDER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Ruth Lynn Elder ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated April 26, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00079
JUNE 20, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JOHN W. KAKLIS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that John W. Kaklis ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated April 26, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00081
JUNE 6, 2019

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

Ex Parte: In the matter of Adopting New Rules Governing Health Insurance Balance Billing

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy also may be found at the Commission's website: http://www.scc.virginia.gov/case.

The Bureau of Insurance ("Bureau") has submitted to the Commission a proposal to promulgate new rules at Chapter 235 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Health Insurance Balance Billing," which are recommended to be set out at 14 VAC 5-235-10 through 14 VAC 5-235-30.

The proposed new rules are necessary in light of the enactment of § 38.2-3445.1 of the Code, which takes effect on July 1, 2019, by the 2019 General Assembly and based on the complaints the Bureau has received related to surprise balance billing. The provisions of the new chapter are intended to remove the burden from the covered person and allow them to actively choose whether they receive health care services from an in-network or out-of-network provider at an in-network facility for non-emergency services.

NOW THE COMMISSION is of the opinion that the proposal to adopt new rules recommended to be set out at Chapter 235 in the Virginia Administrative Code as submitted by the Bureau should be considered for adoption with a proposed effective date of October 1, 2019.

Accordingly, IT IS ORDERED THAT:

(1) The proposed new rules entitled "Rules Governing Health Insurance Balance Billing," recommended to be set out at 14 VAC 5-235-10 through 14 VAC 5-235-30, are attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to consider the adoption of, proposed Chapter 235 shall file such comments or hearing request on or before August 9, 2019, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: http://www.scc.virginia.gov/case. All comments shall refer to Case No. INS-2019-00081.

(3) If no written request for a hearing on the adoption of the proposed new rules as outlined in this Order is received on or before August 9, 2019, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may adopt the rules as submitted by the Bureau.

(4) The Bureau forthwith shall provide notice of the proposal to all health carriers licensed in Virginia to offer a managed care health insurance plan and to all interested persons.

(5) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the proposed rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposal on the Commission's website: http://www.scc.virginia.gov/case.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4) above.

(8) This matter is continued.

NOTE: A copy of the attachment entitled "Rules Governing Health Insurance Balance Billing" 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-2019-00082
JUNE 20, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ADRIAN QUASHEENA EPPS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Adrian Quasheena Epps ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated April 26, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00082
JULY 10, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ADRIAN QUASHEENA EPPS,
Defendant

ORDER GRANTING RECONSIDERATION

On June 20, 2019, the Virginia State Corporation Commission ("Commission") issued an Order Revoking License in this matter. On July 8, 2019, Adrian Quasheena Epps filed a Petition for Rehearing or Reconsideration of Virginia Insurance License ("Petition").

NOW THE COMMISSION, upon consideration of this matter, and pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC-5-20-10 *et seq*., grants reconsideration at this time solely for the purpose of continuing jurisdiction over this matter and considering the Petition. The Order Revoking License is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted at this time solely for the purpose of continuing jurisdiction over this matter and considering the Petition.

(2) Pending the Commission's consideration of the Petition, the Order Revoking License is suspended.

(3) This matter is continued generally.

CASE NO. INS-2019-00085
JUNE 21, 2019

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

SETTLEMENT ORDER

Based on a market conduct investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nova Casualty Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has agreed to comply with the corrective action plan outlined in company correspondence dated March 18, 2019, and has confirmed that restitution was made to two consumers in the amount of Forty-six Dollars ($46), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00086
JUNE 21, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GRANITE STATE INSURANCE COMPANY, NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA,
NEW HAMPSHIRE INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Granite State Insurance Company, National Union Fire Insurance Company of Pittsburgh, PA, and New Hampshire Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying 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 outlined in company correspondence dated July 25, 2018, have confirmed that restitution was made to 22 consumers in the amount of Three Thousand Seven Hundred Thirty-four Dollars and Thirty-eight Cents ($3,734.38), and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00088
AUGUST 5, 2019

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

Ex Parte: In the matter of Repealing and Adopting New Rules Governing Forms Filing for Life and Accident and Sickness Policies

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy also may be found at the Commission's website: http://www.scc.virginia.gov/case.

The Bureau of Insurance ("Bureau") has submitted to the Commission a proposal to repeal Chapter 100 of Title 14 of the Virginia Administrative Code entitled "Rules Governing the Submission for Approval of Life, Accident and Sickness, Annuity, Credit Life and Credit Accident Sickness Policy Forms" set out at 14 VAC 5-100-10 through 14 VAC 5-100-80; repeal Chapter 110 of Title 14 of the Virginia Administrative Code entitled "Rules and Regulations for Simplified and Readable Accident and Sickness Insurance Policies" set out at 14 VAC 5-110-10 through 14 VAC 5-110-80; and to adopt a new chapter, Chapter 101 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Life and Health Forms Filings," which are recommended to be set out at 14 VAC 5-101-10 through 14 VAC 5-101-120.

The repeal of Chapters 100 and 110 is necessary because these Rules are outdated, and many provisions are no longer applicable. The proposed new Rules in Chapter 101 address current filing practices and requirements for electronic filing. These Rules specifically establish form and filing requirements, readability requirements, variability provisions, documentation and authorization requirements as well as provisions for out-of-state and Multiple Employer Welfare Arrangements, or MEWA, filings.

NOW THE COMMISSION is of the opinion that the Rules at Chapters 100 and 110 of Title 14 of the Virginia Administrative Code should be repealed, and the proposed new Rules at Chapter 101 of Title 14 of the Virginia Administrative Code should be considered for adoption with a proposed effective date of January 1, 2020.

Accordingly, IT IS ORDERED THAT:

(1) The proposal to repeal Chapters 100 and 110 of Title 14 of the Virginia Administrative Code and adopt a new chapter proposed at Chapter 101 of Title 14 of the Virginia Administrative Code recommended to be set out at 14 VAC 5-101-10 through 14 VAC 5-101-120, is attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to oppose the repeal of, Chapters 100 and 110 and the adoption of the proposed new Chapter 101 shall file such comments or hearing request on or before September 30, 2019, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and shall refer to Case No. INS-2019-00088. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: http://www.scc.virginia.gov/case. All comments shall refer to Case No. INS-2019-00088.

(3) If no written request for a hearing on the proposed repeal and adoption of proposed new rules as outlined in this Order is received on or before September 30, 2019, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may repeal Chapters 100 and 110 and adopt proposed Chapter 101 of Title 14 of the Virginia Administrative Code as submitted by the Bureau.

(4) The Bureau shall provide notice of the proposal to all carriers licensed in Virginia to write life insurance and annuity contracts, accident and sickness insurance, and viatical settlement policies as well as to all interested persons.

(5) The Commission's Division of Information Resources 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 proposal on the Commission's website: http://www.scc.virginia.gov/case.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4) above.

(8) This matter is continued.

NOTE: A copy of the attachment entitled "Rules Governing Life and Forms Filing" 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-2019-00088
DECEMBER 3, 2019

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

Ex Parte: In the matter of Repealing and Adopting New Rules Governing Forms Filing for Life and Accident and Sickness Policies

ORDER REPEALING AND ADOPTING RULES

By Order to Take Notice ("Order") entered August 5, 2019, insurers and interested persons were ordered to take notice that subsequent to September 30, 2019, the State Corporation Commission ("Commission") would consider the entry of an order to repeal Chapter 100 of Title 14 of the Virginia Administrative Code entitled "Rules Governing the Submission for Approval of Life, Accident and Sickness, Annuity, Credit Life and Credit Accident Sickness Policy Forms" set out at 14 VAC 5-100-10 through 14 VAC 5-100-80; repeal Chapter 110 of Title 14 of the Virginia Administrative Code entitled "Rules and Regulations for Simplified and Readable Accident and Sickness Insurance Policies" set out at 14 VAC 5-110-10 through 14 VAC 5-110-80; and adopt a new chapter, Chapter 101 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Life and Health Forms Filings," which were recommended to be set out at 14 VAC 5-101-10 through 14 VAC 5-101-120 unless on or before September 30, 2019, any person objecting to the repeal and adoption of rules filed a request for a hearing with the Clerk of the Commission ("Clerk").

The Order also required insurers and interested persons to file their comments in support of or in opposition to the proposal to repeal and adopt new rules with the Clerk on or before September 30, 2019.

No request for a hearing was filed with the Clerk. Comments from the American Council of Life Insurers, Genworth and Principal Financial Group were timely filed with the Clerk. Comments from the Virginia Association of Health Plans were received by the Bureau of Insurance ("Bureau") but filed late with the Clerk. All comments were considered by the Bureau. The Bureau filed its Response to Comments on November 4, 2019.

The repeal of Chapters 100 and 110 is necessary because these Rules have become outdated and many provisions are no longer applicable. The proposed new Rules in Chapter 101 address current filing practices and requirements for electronic filing. These Rules specifically establish form and filing requirements, readability requirements, variability provisions, documentation and authorization requirements as well as provisions for out-of-state and multiple employer welfare arrangements, or MEWA, filings.

Based on the comments filed, the Bureau recommends amendments to Chapter 101, notably amendments to section 50 to clarify the requirement for withdrawal of a form by another regulatory body, section 80 to address a variability standard, and section 100 to more clearly outline the statutory requirements for out-of-state filings. Other technical amendments are also recommended.

NOW THE COMMISSION, having considered the proposal to repeal and adopt rules, the comments filed, the Bureau's Response, and the amendments recommended by the Bureau as a result of the comments, is of the opinion that the attached new rules should be adopted and Chapters 100 and 110 of the Virginia Administrative Code should be repealed, effective January 1, 2020.

Accordingly, IT IS ORDERED THAT:

(1) Chapter 100 of Title 14 of the Virginia Administrative Code entitled "Rules Governing the Submission for Approval of Life, Accident and Sickness, Annuity, Credit Life and Credit Accident Sickness Policy Forms" and Chapter 110 of Title 14 of the Virginia Administrative Code entitled "Rules and Regulations for Simplified and Readable Accident and Sickness Insurance Policies" are hereby REPEALED effective January 1, 2020.

(2) Chapter 101 of Title 14 of the Virginia Administrative Code entitled "Rules Governing Life and Health Forms Filings" set out at 14 VAC 5-101-10 through 14 VAC 5-101-120, which are attached hereto and made a part hereof, are hereby ADOPTED effective January 1, 2020.

(3) The Bureau shall provide notice of the repeal and adoption of rules to all insurers licensed in Virginia to write life insurance and annuity contracts, accident and sickness insurance, and viatical settlement policies as well as to all interested persons.

(4) 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 Regulations for appropriate publication in the *Virginia Register of Regulations*.

(5) The Commission's Division of Information Resources shall make available this Order and the attached amendments to the Rules on the Commission's website: http://www.scc.virginia.gov/case.

(6) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (3) above.

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

NOTE: A copy of the attachment entitled "Rules Governing the Submission for Approval of Life, Accident and Sickness, Annuity, Credit Life and Credit Accident Sickness Policy Forms" and "Rules Governing Life and Health Forms Filings" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

CASE NO. INS-2019-00089
JULY 16, 2019

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

Ex Parte: In the matter of Amending Rules Governing the Filing of Rates for Accident and Sickness Insurance

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and § 38.2-223 of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of Title 38.2 of the Code.

The rules and regulations issued by the Commission pursuant to § 38.2-223 of the Code are set forth in Title 14 of the Virginia Administrative Code. A copy also may be found at the Commission's website: http://www.scc.virginia.gov/case.

The Bureau of Insurance ("Bureau") has submitted to the Commission proposed amendments to Rules at Chapter 130 of Title 14 of the Virginia Administrative Code entitled "Rules Governing the Filing of Rates for Accident and Sickness Insurance," which amend the Rules at 14 VAC 5-130-10 through 14 VAC 5-130-100 and repeal forms.

The amendments to the Rules are necessary to address the statutory revision to the definition of "small employer," to clarify rating requirements related to short-term limited duration insurance, and other clarifications and amendments to premium rates and rating factor requirements. In addition, the proposed amendments remove the inclusion of the Uniform Age Rating Curve table and instead provide reference to the table as this information may change at the federal level from time to time. Finally, repeal of the forms as attachments is being recommended because the data requirements on the forms also change from time to time and for some filings the forms are part of a larger template.

NOW THE COMMISSION is of the opinion that the proposal to amend the Rules at Chapter 130 of Title 14 of the Virginia Administrative Code as submitted by the Bureau should be considered for adoption with a proposed effective date of January 1, 2020.

Accordingly, IT IS ORDERED THAT:

(1) The proposal to amend Chapter 130 of Title 14 of the Virginia Administrative Code and repeal forms, as set out at 14 VAC 5-130-10 through 14 VAC 5-130-100, is attached hereto and made a part hereof.

(2) All interested persons who desire to comment in support of or in opposition to, or request a hearing to oppose amendments to Chapter 130 or the repeal of forms shall file such comments or hearing request on or before September 9, 2019, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218 and shall refer to Case No. INS-2019-00089. Interested persons desiring to submit comments electronically may do so by following the instructions at the Commission's website: http://www.scc.virginia.gov/case. All comments shall refer to Case No. INS-2019-00089.

(3) If no written request for a hearing on the proposal to amend rules as outlined in this Order is received on or before September 9, 2019, the Commission, upon consideration of any comments submitted in support of or in opposition to the proposal, may adopt amendments and repeal forms in Chapter 130 of Title 14 of the Virginia Administrative Code as submitted by the Bureau.

(4) The Bureau shall provide notice of the proposal to all carriers licensed in Virginia to write accident and sickness insurance and to all interested persons.

(5) The Commission's Division of Information Resources shall cause a copy of this Order, together with the proposal to amend rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the *Virginia Register of Regulations*.

(6) The Commission's Division of Information Resources shall make available this Order and the attached proposal on the Commission's website: http://www.scc.virginia.gov/case.

(7) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (4) above.

(8) This matter is continued.

NOTE: A copy of the attachment entitled "Rules Governing the Filing of Rates for Individual and Group Accident and Sickness Insurance" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

CASE NO. INS-2019-00089
SEPTEMBER 30, 2019

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

Ex Parte: In the matter of Amending Rules Governing the Filing of Rates for Accident and Sickness Insurance

ORDER ADOPTING AMENDMENTS TO RULES

By Order to Take Notice ("Order") entered July 16, 2019, insurers and interested persons were ordered to take notice that subsequent to September 9, 2019, the State Corporation Commission ("Commission") would consider the entry of an order adopting amendments to rules set forth in Chapter 130 of Title 14 of the Virginia Administrative Code, entitled "Rules Governing the Filing of Rates for Accident and Sickness Insurance" ("Rules"), which amend the Rules at 14 VAC 5-130-10 through 14 VAC 5-130-100 and repeal forms, unless on or before September 9, 2019, any person objecting to the adoption of the amendments to the Rules filed a request for a hearing with the Clerk of the Commission ("Clerk").

The Order also required insurers and interested persons to file their comments in support of or in opposition to the proposed amendments to the Rules with the Clerk on or before September 9, 2019.

No request for a hearing was filed with the Clerk. A comment from Doug Gray, Executive Director of the Virginia Association of Health Plans was timely filed with the Clerk. The Bureau of Insurance ("Bureau") responded to the comment by letter dated September 17, 2019, and filed such response in the case file.

The amendments to the Rules are necessary to address the statutory revision to the definition of "small employer," to clarify rating requirements related to short-term limited duration insurance, and other clarifications and amendments to premium rates and rating factor requirements. In addition, the amendments remove the inclusion of the Uniform Age Rating Curve table and instead provide reference to the table as this information may change at the federal level from time to time. Finally, repeal of the forms as attachments is necessary because the data requirements on the forms change from time to time, and for some filings the forms are part of a larger template.

NOW THE COMMISSION, having considered the proposed amendments, the comment filed, and the Bureau's response, is of the opinion that the attached amendments to the Rules should be adopted as proposed, effective January 1, 2020.

Accordingly, IT IS ORDERED THAT:

(1) The amendments to the "Rules Governing the Filing of Rates for Accident and Sickness Insurance" at Chapter 130 of Title 14 of the Virginia Administrative Code that amend the Rules at 14 VAC 5-130-10 through 14 VAC 5-130-100 and repeal forms, which are attached hereto and made a part hereof, are hereby ADOPTED effective January 1, 2020.

(2) The Bureau shall provide notice of the adoption of the amendments to the Rules to all insurers licensed in Virginia to write accident and sickness insurance and to all interested persons.

(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 Regulations for appropriate publication in the *Virginia Register of Regulations*.

(4) The Commission's Division of Information Resources shall make available this Order and the attached amendments to the Rules on the Commission's website: http://www.scc.virginia.gov/case.

(5) The Bureau shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of Ordering Paragraph (2) above.

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

NOTE: A copy of the attachment entitled " Rules Governing the Filing of Rates for Individual and Group Accident and Individual Sickness Insurance" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

CASE NO. INS-2019-00090
JUNE 27, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN MERCURY INSURANCE COMPANY, and MERCURY CASUALTY COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that American Mercury Insurance Company and Mercury Casualty Company (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq*. of the Virginia Administrative Code, by failing to properly issue first party claim payments under the insured's Uninsured Motorist Property Damage Coverage.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code of Virginia ("Code") to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the 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 outlined in company correspondence dated December 18, 2018, have confirmed that restitution was made to 89 consumers in the amount of Twenty-two Thousand One Hundred Nine Dollars and Seventy-six Cents ($22,109.76), and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00094
JULY 2, 2019

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

SETTLEMENT ORDER

Based on a market conduct investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Direct General Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.* of the Virginia Administrative Code, by failing to properly issue first party claim payments under the insured's Uninsured Motorist Property Damage Coverage.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code of Virginia ("Code") to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in company correspondence dated October 15, 2018 and June 6, 2019, has confirmed that restitution was made to 98 consumers in the amount of Twenty-two Thousand Six Hundred Eighty-seven Dollars and Two Cents ($22,687.02), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00095
JULY 2, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SELECTIVE INSURANCE COMPANY OF AMERICA, SELECTIVE INSURANCE COMPANY OF SOUTH CAROLINA,
SELECTIVE INSURANCE COMPANY OF THE SOUTHEAST, and SELECTIVE WAY INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Selective Insurance Company of America, Selective Insurance Company of South Carolina, Selective Insurance Company of the Southeast, and Selective Way Insurance Company (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have confirmed that restitution was made to four consumers in the amount of One Hundred Thirty-seven Dollars ($137), have tendered to Virginia the sum of Ten Thousand Dollars ($10,000), acknowledge the Bureau's notice of intent to conduct a market conduct examination, and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00096
JULY 26, 2019

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

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that HealthKeepers, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-510 A (6) of the Code of Virginia ("Code") by failing to make prompt, fair and equitable settlements of claims in which liability has become reasonably clear; and 14 VAC 5-400-70 E of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq*., by failing to pay claims in accordance with the provisions of the policy.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-4316 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to Virginia the sum of Ten Thousand Dollars ($10,000), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00097
JULY 10, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
INTEGON CASUALTY INSURANCE COMPANY, INTEGON NATIONAL INSURANCE COMPANY, and
NATIONAL GENERAL INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Integon Casualty Insurance Company, Integon National Insurance Company, and National General Insurance Company (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-2201 of the Code of Virginia ("Code") by issuing medical expense benefit payments not in compliance with the requirements of the statute.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the 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 outlined in company correspondence dated October 15, 2018 and June 6, 2019, have confirmed that restitution was made to 276 consumers in the amount of Four Hundred Seventy-seven Thousand One Hundred Thirty-two Dollars and Fifty-four Cents ($477,132.54), and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00098
JULY 2, 2019

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

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Rockingham Casualty Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-2201 of the Code of Virginia ("Code") by issuing medical expense benefit payments not in compliance with the requirements of the statute.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in company correspondence dated September 25, 2018, has confirmed that restitution was made to 82 consumers in the amount of One Hundred Ninety-five Thousand One Hundred Eighty Dollars and Forty-two Cents ($195,180.42), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00099
JULY 10, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
INTEGON CASUALTY INSURANCE COMPANY, INTEGON NATIONAL INSURANCE COMPANY, and NATIONAL GENERAL INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Integon Casualty Insurance Company, Integon National Insurance Company, and National General Insurance Company (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.* of the Virginia Administrative Code, by failing to properly issue first party claim payments under the insured's Uninsured Motorist Property Damage Coverage.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code of Virginia ("Code") to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the 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 outlined in company correspondence dated October 15, 2018 and June 6, 2019, have confirmed that restitution was made to 170 consumers in the amount of Forty Thousand Eight Hundred Eighteen Dollars and Twenty-one Cents ($40,818.21), and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00100
JULY 22, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DALE EDWARD WRIGHT and EQUITY CONCEPTS, L.L.C.,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Bureau of Insurance ("Bureau") conducted an investigation of Dale Edward Wright ("Wright") and Equity Concepts, L.L.C. ("Equity" and, collectively, the "Defendants") pursuant to § 38.2-1809 of the Code of Virginia ("Code"). Based on the investigation, the Bureau alleges the following:

Wright is a resident of Virginia who has been licensed to sell health and life insurance and annuities in Virginia since 1998. Equity is a Virginia limited liability company with a principal place of business in Henrico, Virginia. Wright has been employed by Equity as an insurance agent since 1998.

The Bureau initiated an investigation into Wright and Equity's offer and sale of certain life insurance policies, known as whole life insurance policies ("Life Insurance Policies"), based upon a consumer complaint it received. Based on this investigation, the Bureau alleges that Wright and Equity encouraged clients to purchase the Life Insurance Policies for purposes of using the policies as investment tools. Specifically, the Bureau alleges that Wright recommended that consumers purchase and then borrow against the Life Insurance Policies at a rate of 5.2% and then invest the borrowed proceeds into other investments ("Investments") recommended by Wright and Equity. Wright allegedly informed consumers that these Investments would produce an 8% or higher rate of return, allowing the consumer to cover the cost of borrowing against the Life Insurance Policies and generate additional revenues. However, for many of the consumers, the Investments did not yield an 8% or higher return, and any revenues generated from the Investments were insufficient to fund both the borrowing costs and ongoing premium payments required by the Life Insurance Policies.

The Bureau reviewed records relating to and/or interviewed at least 11 of the Defendants' clients ("Clients"). Many of the Clients asserted that (1) they sought Wright and Equity's services for retirement planning assistance; (2) they purchased the Life Insurance Policies as an investment tool, not to obtain a life insurance or death benefit; (3) the marketing materials and sales presentations identified and discussed the Life Insurance Policies as investment tools; (4) they did not understand that purchasing the Life Insurance Policies would require them to make ongoing annual premium payments, not just a

one-time upfront payment; (5) they could not afford to make the premium payments on the Life Insurance Policies unless the Investments performed as offered; (6) Wright and Equity did not disclose the Investments' risk; and (7) Wright and Equity did not disclose that if the Investments did not perform as expected, the Clients would have to come out-of-pocket to fund the Life Insurance Policies. Further, when interviewed, many of the Clients stated the amount of their retirement savings had declined after consulting with the Defendants because of the amounts the Clients expended to fund the Life Insurance Policies.

Based on this alleged conduct, the Bureau asserts that the Defendants violated §§ 38.2 502 (1) and (7) of the Code by misrepresenting the benefits of the Life Insurance Policies during sales presentations and misrepresenting material facts to effect loans on the insurance policies. Further, the Bureau alleges that these actions also would support a finding that the Defendants violated § 38.2-1831 (1) of the Code, which prohibits a person from engaging in fraudulent, coercive or dishonest practices. Additionally, the Bureau alleges the Defendants' conduct violated 14 VAC 5-41-30, which prohibits agents and agencies from using the term "investment" in insurance product sales presentations in a misleading manner.

If these statutory and regulatory provisions are violated, the Commission is authorized by § 38.2-1831 of the Code to revoke a defendant's license, by § 38.2-220 of the Code to issue temporary or permanent injunctions, by § 38.2-218 of the Code to impose certain monetary penalties and to request a defendant make restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny the allegations made herein but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order"). Further, as a proposal to settle all matters arising from these allegations, and to avoid the costs and uncertainties of defending administrative proceedings if initiated by the Bureau, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) Within 30 days of the entry of this Order, the Defendants will make restitution in the amount of $16,300 to certain Clients identified by the Bureau. In advance of the entry of this Order, the Defendants also have paid $120,000 in restitution to five other Clients through other proceedings.

(2) The Defendants will pay $50,000, jointly and severally, in penalties to the Treasurer of the Commonwealth of Virginia within 30 days of the entry of this Order.

(3) The Defendants agree that Wright shall be placed on probation with the Bureau through June 30, 2021.

(4) Equity, through its chief compliance officer or other designated individual, shall (a) review all of Wright's product presentations or product sales of products or policies subject to the Bureau's jurisdiction, including, but not limited to, life insurance policies and fixed and variable annuities ("Insurance Products") before such presentations or sales are made; and (b) monitor and review Wright's compliance with Equity's routine and heightened supervision requirements.

(5) Equity shall perform unannounced quarterly audits of Wright's activities to determine if any irregularity or abuse occurred in connection with any insurance activities. Each audit shall include, at a minimum, the following:

a. A review of each type of communication with customers (including, but not limited to, communication through any and all of Wright's email addresses, including personal email addresses);

b. A review of all forms and applications related to Insurance Products for all of Wright's customers or clients since the previous audit;

c. An identification and review of each of the Insurance Products being offered and sold by Wright;

d. Equity's compliance staff shall interview, either by telephone or in-person interviews, the greater of: (i) fifty percent (50%) of Wright's customers or clients who purchased an Insurance Product during the three months preceding the audit; or (ii) three of Wright's customers or clients who own an Insurance Product to ensure no irregularities with regard to Wright's communications, transactions, or servicing the customer or client, and handling of insurance-related business or funds;

e. A review of the entire client or customer file for each of the clients or customers identified in paragraph 5d above, to review for Wright's compliance with this Order and applicable laws and obligations; and

f. A client file shall not be reviewed more than once for purposes of complying with paragraphs 5d and 5e above, unless the client or customer has subsequently made another Insurance Product purchase, or the Defendants otherwise provide the Bureau with good cause for reviewing that file again.

(6) On a quarterly basis for the eight financial quarters beginning with July 1, 2019, the Defendants shall submit a report to the Bureau providing details of Wright's sales of Insurance Products for the preceding quarter. For each sales transaction in the report, the Defendants shall provide: (i) client name; (ii) client address; and (iii) product purchased. If the product purchased is an annuity, the Defendants also shall provide as part of the report the (iv) amount invested in the annuity or annuities; (v) client's age and employment status; (vi) client's income and net worth; and (vii) client's risk tolerance as reported on the annuity enrollment application. The Defendants shall provide the first report to the Bureau on October 7, 2019. Each report thereafter shall be submitted to the Bureau on the fifth business day of the first month following the end of each subsequent quarter.

(7) In the event that the Defendants violate any term of this Order in paragraphs (1) through (6) above, the Defendants agree that suspension of Wright's insurance license pending compliance with or resolution of the violated provision is appropriate and, upon any such violation, that the Bureau may request that the Commission enter a temporary injunction authorizing such relief pending a hearing in a formal proceeding.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. INS-2019-00101
JULY 10, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CSAA AFFINITY INSURANCE COMPANY, CSAA GENERAL INSURANCE COMPANY, and
CSAA MID-ATLANTIC INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that CSAA Affinity Insurance Company, CSAA General Insurance Company, and CSAA Mid-Atlantic Insurance Company (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.* of the Virginia Administrative Code, by failing to properly issue first party claim payments under the insured's Uninsured Motorist Property Damage Coverage.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code of Virginia ("Code") to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the 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 outlined in company correspondence dated December 14, 2018, have confirmed that restitution was made to 91 consumers in the amount of Twenty-three Thousand Two Hundred Twenty Dollars and Seventy-nine Cents ($23,220.79), and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00104
JULY 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JOSHUA PRUITT,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Joshua Pruitt ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated May 15, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's May 15, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00105
SEPTEMBER 11, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
COATS SURETY INSURANCE SERVICES INC., *et al.*
Defendants

ORDER REVOKING LICENSE

Based on a review of the records of the Bureau of Insurance ("Bureau"), it is alleged that the Defendants, whose names are set forth in Attachment A, which is attached hereto and made a part hereof, each of which is duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agency in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1820 (B) (2) of the Code of Virginia ("Code") by failing to designate an employee, officer, director, manager, member, or partner to serve as the licensed producer responsible for the Defendant's compliance with the insurance laws, rules, and regulations of Virginia; and § 38.2-1826 (E) of the Code by failing to report within 30 calendar days to the Commission the removal of the Defendant's designated licensed producer responsible for such compliance, along with the name of the new designated licensed producer.

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

The Defendants have been notified of the right to a hearing before the Commission in this matter by certified letter dated June 3, 2019, and mailed to the Defendants' addresses shown in the records of the Bureau.

The Defendants, having been advised in the above manner of the right to a hearing in this matter, have failed to request a hearing and have not otherwise communicated with the Bureau.

The Bureau, upon the Defendants' failure to request a hearing, has recommended that the Commission enter an order revoking the Defendants' licenses to transact business as insurance agencies in Virginia.

NOW THE COMMISSION is of the opinion and finds that the Defendants each have violated § 38.2-1820 (B) (2) of the Code by failing to designate an employee, officer, director, manager, member, or partner to serve as the licensed producer responsible for the Defendant's compliance with the insurance laws, rules, and regulations of Virginia; and § 38.2-1826 (E) of the Code by failing to report within 30 calendar days to the Commission the removal of the Defendant's designated licensed producer responsible for such compliance, along with the name of the new designated licensed producer.

The Commission also finds that each Defendant should be allowed the opportunity to reapply and obtain its license immediately, provided the Defendant includes the name of the designated licensed producer on the application. Furthermore, the Commission shall vacate the Order Revoking License as to any Defendant that elects to reapply and provides the required information.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendants to transact business as insurance agencies in Virginia are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendants shall transact no further business in Virginia as insurance agencies.

(4) Each Defendant may immediately reapply to the Commission to be licensed as an insurance agency provided the Defendant includes the name of the designated licensed producer on the application. The Commission also shall vacate this Order as to any Defendant that elects to reapply and provides the required information on the application.

(5) The Bureau shall provide each Defendant with a copy of this Order and notify every insurance company for which the Defendants hold appointments to act as insurance agencies.

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

ATTACHMENT A

95-4366472	COATS SURETY INSURANCE SERVICES INC	PO BOX 6189 24781 CROWN ROYALE	LAGUNA NIGUEL, CA 92607 LAGUNA NIGUEL, CA 92556
27-1893657	FAMILY CHOICE & VIRGINIA BEACH LLC	5401 INDIAN RIVER ROAD	VIRGINIA BEACH, VA 23464
81-2214876	PARAMOUNT FINANCIAL GROUP LLC	1606 COBALT AVE #103	MIDLOTHIAN, VA 23114

CASE NO. INS-2019-00106
JULY 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MICHAEL R. BAKER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Michael R. Baker ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction; § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission; and § 38.2-1831 (9) of the Code by having been convicted of a felony.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated June 10, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's June 10, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction; § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission; and § 38.2-1831 (9) of the Code by having been convicted of a felony.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00107
JULY 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
HECTOR ANTHONY MAY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Hector Anthony May ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated June 10, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's June 10, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00109
AUGUST 21, 2019

IN THE MATTER OF
PROTECTIVE LIFE INSURANCE COMPANY, PROTECTIVE LIFE AND ANNUITY INSURANCE COMPANY, and
WEST COAST LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Protective Life Insurance Company, Protective Life and Annuity Insurance Company, West Coast Life Insurance Company and the California Department of Insurance, the Florida Office of Insurance Regulation, the New Hampshire Insurance Department, the North Dakota Insurance Department, the Pennsylvania Insurance Department, and the Tennessee Department of Commerce and Insurance

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) that the State Corporation Commission ("Commission") approve and accept a multi-state Regulatory Settlement Agreement ("Agreement"), dated June 20, 2019, 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, New Hampshire, North Dakota, Pennsylvania and Tennessee and Protective Life Insurance Company, a Tennessee entity, Protective Life and Annuity Insurance Company, an Alabama entity, and West Coast Life Insurance Company, a Nebraska entity, each licensed to transact the business of insurance in the Commonwealth of Virginia; and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement.

NOW THE COMMISSION, having considered the terms of the Agreement together with the recommendation of the Bureau that the Commission approve and accept the Agreement, is of the opinion, finds, and ORDERS that: (i) the Agreement hereby is APPROVED AND ACCEPTED; and (ii) the Commissioner of Insurance hereby is authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement.

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

CASE NO. INS-2019-00110
AUGUST 21, 2019

IN THE MATTER OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY, GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY OF NEW YORK, FIRST GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY, THE CANADA LIFE INSURANCE COMPANY OF NEW YORK, THE CANADA LIFE ASSURANCE COMPANY (U.S. BRANCH), THE GREAT-WEST LIFE ASSURANCE COMPANY (U.S. BRANCH), AND CANADA LIFE INSURANCE COMPANY OF AMERICA AND CROWN LIFE INSURANCE COMPANY (U.S. BRANCH)

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Great-West Life & Annuity Insurance Company, Great-West Life & Annuity Insurance Company of New York, First Great-West Life & Annuity Insurance Company, The Canada Life Insurance Company of New York, The Canada Life Assurance Company (U.S. Branch), The Great-West Life Assurance Company (U.S. Branch), and Canada Life Insurance Company of America and Crown Life Insurance Company (U.S. Branch), and the California Department of Insurance, the Florida Office of Insurance Regulation, the New Hampshire Insurance Department, the North Dakota Insurance Department, and the Pennsylvania Insurance Department

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) that the State Corporation Commission ("Commission") approve and accept a multi-state Regulatory Settlement Agreement ("Agreement"), dated March 21, 2019, 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, New Hampshire, North Dakota, and Pennsylvania, and Great-West Life & Annuity Insurance Company, Great-West Life & Annuity Insurance Company of New York, First Great-West Life & Annuity Insurance Company, The Canada Life Insurance Company of New York, The Canada Life Assurance Company (U.S. Branch), The Great-West Life Assurance Company (U.S. Branch), and Canada Life Insurance Company of America[1] and Crown Life Insurance Company (U.S. Branch)[2] of which Great-West Life & Annuity Insurance Company, a Colorado entity, The Canada Life Assurance Company (U.S. Branch), a foreign entity, and The Great-West Life Assurance Company (U.S. Branch), a foreign entity, are licensed to transact the business of insurance in the Commonwealth of Virginia; and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement.

NOW THE COMMISSION, having considered the terms of the Agreement together with the recommendation of the Bureau that the Commission approve and accept the Agreement, is of the opinion, finds, and ORDERS that: (i) the Agreement hereby is APPROVED AND ACCEPTED; and (ii) the Commissioner of Insurance hereby is authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement.

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

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[1] Canada Life Insurance Company of America merged with Great-West Life & Annuity Insurance Company.

[2] Crown Life Insurance Company (U.S. Branch) merged with The Canada Life Assurance Company (U.S. Branch).

CASE NO. INS-2019-00111
AUGUST 21, 2019

IN THE MATTER OF
ALLSTATE LIFE INSURANCE COMPANY, ALLSTATE ASSURANCE COMPANY, AND
AMERICAN HERITAGE LIFE INSURANCE COMPANY

Ex Parte: In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Allstate Life Insurance Company, Allstate Assurance Company, and American Heritage Life Insurance Company, and the California Department of Insurance, the Florida Office of Insurance Regulation, the New Hampshire Insurance Department, the North Dakota Insurance Department, and the Pennsylvania Insurance Department

ORDER APPROVING SETTLEMENT AGREEMENT

ON THIS DAY came the Bureau of Insurance ("Bureau"), by counsel, and requested: (i) that the State Corporation Commission ("Commission") approve and accept a multi-state Regulatory Settlement Agreement ("Agreement"), dated October 22, 2018, 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, New Hampshire, North Dakota, and Pennsylvania, and Allstate Life Insurance Company, an Illinois entity, Allstate Assurance Company, an Illinois entity, and American Heritage Life Insurance Company, a Florida entity, each licensed to transact the business of insurance in the Commonwealth of Virginia; and (ii) authority to execute any documents attendant to the Agreement necessary to evidence the Commission's acceptance of the Agreement.

NOW THE COMMISSION, having considered the terms of the Agreement together with the recommendation of the Bureau that the Commission approve and accept the Agreement, is of the opinion, finds, and ORDERS that: (i) the Agreement hereby is APPROVED AND ACCEPTED; and (ii) the Commissioner of Insurance hereby is authorized to execute any attendant documents necessary to evidence the Commission's approval and acceptance of the Agreement.

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

CASE NO. INS-2019-00113
SEPTEMBER 5, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PARADISE SETTLEMENT SERVICES, LLC,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Paradise Settlement Services, LLC ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 55-525.24 A of the Code of Virginia ("Code") by failing to handle funds deposited in connection with an escrow in a fiduciary capacity by having a shortage in the account in June 2017 and a negative balance in December 2017; § 55-525.30 A of the Code by acting as a settlement agent in Virginia without being properly registered in that the Defendant conducted thirteen (13) settlements in Virginia while not registered with the Bureau to conduct such transactions; and 14 VAC 5-395-30 of the Commission's Rules Governing Settlement Agents, 14 VAC 5-395-10 *et seq*., by failing to register with the Bureau as required.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 55-525.31 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the 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 Treasurer of Virginia the sum of Five Thousand Dollars ($5,000), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00116
SEPTEMBER 5, 2019

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

ORDER SUSPENDING LICENSE

Section 38.2-1040 (A) (8) of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") may suspend the license of any domestic, foreign, or alien insurer to transact the business of insurance in the Commonwealth of Virginia ("Virginia") whenever it finds that the insurer has been found insolvent by a court of any other state. Section 38.2-1041 of the Code provides that the Commission may immediately suspend the license of any insurer on the grounds specified in subdivision 8 of subsection A of § 38.2-1040 of the Code without prior notice to the insurer.

Southland National Insurance Corporation ("Defendant"), a North Carolina-domiciled insurer, was initially licensed to transact the business of insurance in Virginia on March 6, 2000. On June 27, 2019, the General Court of Justice Superior Court Division of Wake County, North Carolina entered an Order of Rehabilitation, Order Appointing Receiver, and Order Granting Injunctive Relief appointing Mike Causey, Commissioner of Insurance of the State of North Carolina, as Rehabilitator and Receiver of the Defendant.

The Bureau of Insurance, given the foregoing, has recommended that the Commission enter an order suspending the Defendant's license to transact the business of insurance in Virginia.

NOW THE COMMISSION, upon consideration of this matter, 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 (A) (8) of the Code, the license of the Defendant to transact the business of insurance in Virginia is hereby SUSPENDED;

(2) The Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission;

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in Virginia are hereby SUSPENDED;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in Virginia until further order of the Commission; and

(5) 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.

CASE NO. INS-2019-00117
SEPTEMBER 5, 2019

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

ORDER SUSPENDING LICENSE

Section 38.2-1040 (A) (8) of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") may suspend the license of any domestic, foreign, or alien insurer to transact the business of insurance in the Commonwealth of Virginia ("Virginia") whenever it finds that the insurer has been found insolvent by a court of any other state. Section 38.2-1041 of the Code provides that the Commission may immediately suspend the license of any insurer on the grounds specified in subdivision 8 of subsection A of § 38.2-1040 of the Code without prior notice to the insurer.

Bankers Life Insurance Company ("Defendant"), a North Carolina-domiciled insurer, was initially licensed to transact the business of insurance in Virginia on March 7, 2013. On June 27, 2019, the General Court of Justice Superior Court Division of Wake County, North Carolina entered an Order of Rehabilitation, Order Appointing Receiver, and Order Granting Injunctive Relief appointing Mike Causey, Commissioner of Insurance of the State of North Carolina, as Rehabilitator and Receiver of the Defendant.

The Bureau of Insurance, given the foregoing, has recommended that the Commission enter an order suspending the Defendant's license to transact the business of insurance in Virginia.

NOW THE COMMISSION, upon consideration of this matter, 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 (A) (8) of the Code, the license of the Defendant to transact the business of insurance in Virginia is hereby SUSPENDED;

(2) The Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission;

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in Virginia are hereby SUSPENDED;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in Virginia until further order of the Commission; and

(5) 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.

CASE NO. INS-2019-00118
OCTOBER 9, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PROGRESSIVE ADVANCED INSURANCE COMPANY, PROGRESSIVE DIRECT INSURANCE COMPANY,
PROGRESSIVE GULF INSURANCE COMPANY, PROGRESSIVE NORTHERN INSURANCE COMPANY,
PROGRESSIVE UNIVERSAL INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct examination conducted by the Bureau of Insurance ("Bureau"), it is alleged that Progressive Advanced Insurance Company, Progressive Direct Insurance Company, Progressive Gulf Insurance Company, Progressive Northern Insurance Company, and Progressive Universal Insurance Company (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated §§ 38.2-231 A, 38.2-231 C, 38.2-231 F, 38.2-2208 A, 38.2-2208 B, 38.2-2212 D, and 38.2-2212 E, of the Code of Virginia ("Code") by failing to properly terminate insurance policies; § 38.2-305 A of the Code by failing to provide the information required by statute in the insurance policy; §§ 38.2-305 B, 38.2-604 B, 38.2-610 A, and 38.2-2202 A of the Code by failing to accurately provide the required notices to insureds; § 38.2-511 of the Code by failing to maintain a complete complaint register; § 38.2-1318 C of the Code by failing to provide convenient access to files, documents, and records; § 38.2-1809 B of the Code by failing to retain insurance transaction records for three previous calendar years; § 38.2-1822 of the Code by knowingly permitting a person to act as an agent without first obtaining a license in the manner and form prescribed by the Commission; § 38.2-1833 of the Code by paying commissions to agencies/agents that were not appointed by the Defendants; § 38.2-1905 A of the Code by increasing an insured's premium under a safe driver insurance plan where the accident was not caused by the named insured; § 38.2-1906 A of the Code by failing to file all rates and supplementary rate information with the Commission; § 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants; § 38.2-2206 of the Code by failing to obtain a signed rejection of higher uninsured motorist limits; § 38.2-2220 of the Code by failing to use forms in the precise language of standard forms previously filed and adopted by the Commission; §§ 38.2-510 A (6), 38.2-510 C, 38.2-2201 B, 38.2-2201 D of the Code and 14 VAC 5-400-30 C, 14 VAC 5-400-40 A, 14 VAC 5-400-60 B, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices ("Rules"), 14 VAC 5-400-10 *et seq*., by failing to properly handle claims with such frequency as to indicate a general business practice.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendants have been advised of the 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 outlined in company correspondence dated December 7, 2018, March 11, 2019 and May 1, 2019, confirmed that restitution was made to 165 consumers in the amount of Thirty-six Thousand Thirty-two Dollars and Thirty-four Cents ($36,032.34), have tendered to Virginia the sum of Ninety Nine Thousand Dollars ($99,000), and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00119
SEPTEMBER 5, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLORADO BANKERS LIFE INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

Section 38.2-1040 (A) (8) of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") may suspend the license of any domestic, foreign, or alien insurer to transact the business of insurance in the Commonwealth of Virginia ("Virginia") whenever it finds that the insurer has been found insolvent by a court of any other state. Section 38.2-1041 of the Code provides that the Commission may immediately suspend the license of any insurer on the grounds specified in subdivision 8 of subsection A of § 38.2-1040 of the Code without prior notice to the insurer.

Colorado Bankers Life Insurance Company ("Defendant"), a North Carolina-domiciled insurer, was initially licensed to transact the business of insurance in Virginia on May 17, 1985. On June 27, 2019, the General Court of Justice Superior Court Division of Wake County, North Carolina entered an Order of Rehabilitation, Order Appointing Receiver, and Order Granting Injunctive Relief appointing Mike Causey, Commissioner of Insurance of the State of North Carolina, as Rehabilitator and Receiver of the Defendant.

The Bureau of Insurance, given the foregoing, has recommended that the Commission enter an order suspending the Defendant's license to transact the business of insurance in Virginia.

NOW THE COMMISSION, upon consideration of this matter, 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 (A) (8) of the Code, the license of the Defendant to transact the business of insurance in Virginia is hereby SUSPENDED;

(2) The Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission;

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in Virginia are hereby SUSPENDED;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in Virginia until further order of the Commission; and

(5) 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.

CASE NO. INS-2019-00123
SEPTEMBER 10, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DERON J. THOMAS,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Deron J. Thomas ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction. The Defendant failed to report that by Order of Summary Denial entered on February 14, 2019, the State of California, Department of Insurance, denied his application for a non-resident license to act as a casualty and property broker-agent. The California Order of Summary Denial was based upon findings that the Defendant was convicted of misdemeanors, and was denied licensure by both the State of Wisconsin, Department of Insurance, and the State of South Dakota, Department of Labor and Regulation.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated June 19, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's June 19, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00124
SEPTEMBER 10, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JAY TODD EURICH,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jay Todd Eurich ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction when he failed to report the March 7, 2019 Final Decision by the State of Michigan, Department of Insurance and Financial Services, which revoked his nonresident insurance producer license and ordered that he cease and desist from engaging in the business of insurance and from violating the Michigan Code. The Defendant also is alleged to have violated 14 VAC 5-80-350 (2) of the Commission's Rules Governing Variable Life Insurance, 14 VAC 5-80-10 *et seq*., by failing to report to the Commission the imposition of any disciplinary sanction, including suspension or expulsion from membership, suspension, or revocation of or denial of registration, imposed upon the Defendant by any national securities association when he failed to report that on September 9, 2016, his Financial Industry Regulatory Authority ("FINRA") registration was suspended for his failure to comply with an arbitration award or settlement agreement or to satisfactorily respond to a FINRA request to provide information concerning the status of compliance.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated July 18, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's July 18, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction, and 14 VAC 5-80-350 (2) of the Commission's Rules Governing Variable Life Insurance by failing to report to the Commission the imposition of any disciplinary sanction, including suspension or expulsion from membership, suspension, or revocation of or denial of registration imposed upon the Defendant by any national securities association.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00125
SEPTEMBER 5, 2019

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

ORDER SUSPENDING LICENSE

Section 38.2-1040 (A) (8) of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") may suspend the license of any domestic, foreign, or alien insurer to transact the business of insurance in the Commonwealth of Virginia ("Virginia") whenever it finds that the insurer has been found insolvent by a court of any other state. Section 38.2-1041 of the Code provides that the Commission may immediately suspend the license of any insurer on the grounds specified in subdivision 8 of subsection A of § 38.2-1040 of the Code without prior notice to the insurer.

American Service Insurance Company, Inc. ("Defendant"), an Illinois-domiciled insurer, was initially licensed to transact the business of insurance in Virginia on March 2, 2005. On July 8, 2019, the Chancery Division of the Circuit Court of Cook County, Illinois entered an Agreed Order of Rehabilitation appointing Robert H. Muriel, Director of the Illinois Department of Insurance, as the statutory Rehabilitator of the Defendant.

The Bureau of Insurance, given the foregoing, has recommended that the Commission enter an order suspending the Defendant's license to transact the business of insurance in Virginia.

NOW THE COMMISSION, upon consideration of this matter, 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 (A) (8) of the Code, the license of the Defendant to transact the business of insurance in Virginia is hereby SUSPENDED;

(2) The Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission;

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in Virginia are hereby SUSPENDED;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in Virginia until further order of the Commission; and

(5) 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.

CASE NO. INS-2019-00126
SEPTEMBER 11, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ACCOUNTING ONE FINANCIAL, INC., *et al.*
Defendants

ORDER REVOKING LICENSE

Based on a review of the records of the Bureau of Insurance ("Bureau"), it is alleged that the Defendants, whose names are set forth in Attachment A, which is attached hereto and made a part hereof, each of which is duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance as an insurance agency in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1820 (B) (2) of the Code of Virginia ("Code") by failing to designate an employee, officer, director, manager, member, or partner to serve as the licensed producer responsible for the Defendant's compliance with the insurance laws, rules, and regulations of Virginia; and § 38.2-1826 (E) of the Code by failing to report within 30 calendar days to the Commission the removal of the Defendant's designated licensed producer responsible for such compliance, along with the name of the new designated licensed producer.

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

The Defendants have been notified of the right to a hearing before the Commission in this matter by certified letter dated August 13, 2019, and mailed to the Defendants' addresses shown in the records of the Bureau.

The Defendants, having been advised in the above manner of the right to a hearing in this matter, have failed to request a hearing and have not otherwise communicated with the Bureau.

The Bureau, upon the Defendants' failure to request a hearing, has recommended that the Commission enter an order revoking the Defendants' licenses to transact business as insurance agencies in Virginia.

NOW THE COMMISSION is of the opinion and finds that the Defendants each have violated § 38.2-1820 (B) (2) of the Code by failing to designate an employee, officer, director, manager, member, or partner to serve as the licensed producer responsible for the Defendant's compliance with the insurance laws, rules, and regulations of Virginia; and § 38.2-1826 (E) of the Code by failing to report within 30 calendar days to the Commission the removal of the Defendant's designated licensed producer responsible for such compliance, along with the name of the new designated licensed producer.

The Commission also finds that each Defendant should be allowed the opportunity to reapply and obtain its license immediately, provided the Defendant includes the name of the designated licensed producer on the application. Furthermore, the Commission shall vacate the Order Revoking License as to any Defendant that elects to reapply and provides the required information.

Accordingly, IT IS ORDERED THAT:

(1) The licenses of the Defendants to transact business as insurance agencies in Virginia are hereby REVOKED.

(2) All appointments issued under said licenses are hereby VOID.

(3) The Defendants shall transact no further business in Virginia as insurance agencies.

(4) Each Defendant may immediately reapply to the Commission to be licensed as an insurance agency provided the Defendant includes the name of the designated licensed producer on the application. The Commission also shall vacate this Order as to any Defendant that elects to reapply and provides the required information on the application.

(5) The Bureau shall provide each Defendant with a copy of this Order and notify every insurance company for which the Defendants hold appointments to act as insurance agencies.

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

ATTACHMENT A
INS-2019-00126

20-5539244	ACCOUNTING ONE FINANCIAL INC	6867 ELM ST, STE 300	MC LEAN, VA 22101-3871
36-4373295	AEW INS AGENCY LLC	929 W ADAMS ST	CHICAGO, IL 60607
81-4678746	AMERICAN INSURANCE SOLUTIONS LLC	415 E AIRPORT FWY, STE 240	IRVING, TX 75062-6327
27-1667656	AMLIFE INSURANCE SERVICES INC	8857 MOORCROFT AVE	WEST HILLS, CA 91304-1339
81-5127586	ANA EDWARDS INSURANCE GROUP LLC	6005 ROSEBUD LN (06)	CENTREVILLE, VA 22033
82-1511845	APEX HEALTHCARE ADVISORS, INC	2500 HOLLYWOOD BLVD, STE 314	HOLLYWOOD, FL 33020
34-1581635	ARM INTERNATIONAL CORP	4 OVERLOOK POINT	LINCOLNSHIRE, IL 60069
47-1878571	BCLC GLOBAL INC	803 WEST BROAD STREET, SUITE 6740	FALLS CHURCH, VA 22046
20-1309578	BILL L LEVINSON & ASSOC INC	5551 N UNIVERSITY DRIVE, SUITE 201	CORAL SPRINGS, FL 33065
35-0468114	CJ BAIL BONDS LLC	501 DISSDALE COURT	CHESAPEAKE, VA 23320
20-8709045	COAST 2 COAST INSURANCE AGENCY INC	151 WEST 3RD ST	RONKONKOMA, NY 11779
20-0566333	COMMONWEALTH SETTLEMENT SERVICES LTD	1020 EDNAM CENTER, SUITE 104	CHARLOTTESVILLE, VA 22903

81-4108088	CONSTITUTION TITLE & ESCROW, LLC	4041 UNIVERSITY DRIVE, STE 103	FAIRFAX, VA 22030
80-0729080	COUNTS INSURANCE AGENCY INC.	PO BOX 549	RICHLANDS, VA 24641-0549
54-1747749	CPLAS INC	11092 B LEE HIGHWAY, SUITE 103	FAIRFAX, VA 22030
46-1266797	CREDO 1 SOLUTIONS LLC	9316 OLD KEENE MILL RD, STE E	BURKE, VA 22015-4285
20-2101697	D & T FINANCIAL GROUP	1039 WOLF ISLAND RD	REIDSVILLE, NC 27320
27-0681407	DEANGELO CO	1264 PENN AVE	WYOMISSING, PA 19610-2130
81-2295079	DIGITALBGA LLC	100 CONGRESS AVE, STE 2000	AUSTIN, TX 78701
30-0664697	ELLIOTT JOHNSON & JOHNSON LLC	5305 VILLAGE CENTER DRIVE, SUITE 201	COLUMBIA, MD 21044-2334
27-1184390	ENDEAVOR ASSET PROTECTION LLC	3811 WESTERRE PKWY, STE G	HENRICO, VA 23233-1329
45-3212416	ENGAGE INSURANCE LLC	4000 HOLLYWOOD BOULEVARD, SUITE 400-N	HOLLYWOOD, FL 33021
23-0558310	ENGLE-HAMBRIGHT & DAVIES INC	PO BOX 83080	LANCASTER, PA 17608-3080
47-2542109	EVELYN M GUZMAN AGENCY LLC	11215 LOCKWOOD DR, SUITE A	SILVER SPRING, MD 20901
46-3062746	FARLEY INSURANCE GROUP LLC	9911 ROSE COMMONS DR., E-130	HUNTERSVILLE, NC 28078
47-4601326	FOREST FINANCIAL INSURANCE AND FINANCIAL SERVICES	52 FOREST AVENUE	PARAMUS, NJ 07652
27-1963092	FORUS ENTERPRISES INC	8827 REDTAILED CT	GAINESVILLE, VA 20155-5895
54-1905140	FOSTER INSURANCE AGENCY INC	715 WEST THIRD STREET	FARMVILLE, VA 23901
52-2083748	FREEDOM BONDING INC	5420 KLEE MILL RD S, STE 2	SYKESVILLE, MD 21784-9230
75-2027417	FTS LIFE INSURANCE AGENCY INC	PO BOX 797248	DALLAS, TX 75379-7248
83-1453669	GALLERY TITLE GROUP	14608 WINTERFIELD DR	CENTREVILLE, VA 20120-5405
47-1729026	GOLDEN DUNES INSURANCE LLC	2219 BOULEVARD	COLONIAL HEIGHTS, VA 23834
59-1407300	HEALTHPLAN SERVICES, INC.	3501 FRONTAGE ROAD	TAMPA, FL 33607-0000
20-2496499	HERO'S STRATEGIES INC	13324 MANOR STONE DRIVE	GERMANTOWN, MD 20874
34-0834304	HOFFMAN INS AGCY INC	2 BEREA COMMONS, STE 10	BEREA, OH 44017-0000
46-3419248	HOMETOWN INVESTMENT SERVICES INC	4225 COLONIAL AVE	ROANOKE, VA 24018-4002
46-3214721	HOMEWELL INSURANCE SERVICES, INC.	3401 CENTRE LAKE DR, STE 410 (4203)	ONTARIO, CA 91761-1205
33-1167783	HOPE BD INC	5129 LEE HIGHWAY	ARLINGTON, VA 22207
47-1652700	HULSE INSURANCE AGENCY LLC	1800 BET TWICE CIRCLE	HAVRE DE GRACE, MD 21078
47-5175717	INS SPECIALIST GROUP	11100 STONEHENGE CIRCLE	AVON, IN 46123
77-0494365	INTERVALLEY INSURANCE SERVICES	P. 0. BOX 12836	FRESNO, CA 93779
76-0273892	J ETHEREDGE CO	430 HIGHWAY 6 SOUTH, STE 150	HOUSTON, TX 77079

47-4233017	JORDAN VICKERS PA	7380 VISCAYA CIR	MARGATE, FL 33063
81-1402968	KEY INSURANCE AGENCY LLC	2400 MILTON ROAD	CHARLOTTESVILLE, VA 22902
81-4041040	KINGDOM FIRST LLC	2333 DULLES STATION BLVD, APT 145	HERNDON, VA 20171-6245
47-1761498	LUCKY 7 BAIL BONDS INC	2488 N LANDING RD, STE 109	VIRGINIA BEACH, VA 23456-3447
54-1533720	MARINERS RUN INSURANCE AGENCY INC	10231 KINGS HIGHWAY	MONTROSS, VA 22520
20-3625739	MARYLAND OPTIMUM TITLE LLC	9560 MARLBORO PIKE, SUITE 101	UPPER MARLBORO, MD 20772
41-1563134	MCM INSURANCE AGENCY INC	PO BOX 435	MINNEAPOLIS, MN 55440
36-4865334	MELIOR BENEFITS AGENCY LLC	9337B KATY FWY, STE 281	HOUSTON, TX 77024-1515
81-4703290	MICHAEL HUNT JR LLC	100 VILLAGE CIRCLE WAY, APT 235	DURHAM, NC 27713
25-1618707	MOWERY ASSOCIATES INC	1023 MUMMA RD	LEMOYNE, PA 17043-1164
62-1754372	MSC INS AGENCY OF TENNESSEE LLC	PO BOX 305255	NASHVILLE, TN 37230-5255
57-1201556	NASON INSURANCE SERVICES INC	30 SANDY POINT COURT	UNION HALL, VA 24176
36-4824727	NFS INSURANCE AGENCY LLC	6080 CENTER DRIVE, SUITE 300	LOS ANGELES, CA 90045
46-3539354	NO EXAM LIFE INS INC	665 OAKSTONE DR	ROSWELL, GA 30075
26-1503103	NO FEES INSURANCE AGENCY INC	5627 GEORGE WASHINGTON MEM HWY	YORKTOWN, VA 23692
82-3828280	NORTH STARR INSURANCE LLC	1601W LEIGH STREET	RICHMOND, VA 23220
54-2058948	NORTHERN NECK TITLE AGENCY INC	PO BOX 39	MONTROSS, VA 22520
47-4041971	OUTDOOR SURETY SERVICES, LLC	503 SOPHIA ST., STE. 100	FREDERICKSBURG, VA 22401-0000
46-4766489	P T G LLC	9 GITHENS LANE	LUMBERTON, NJ 08048
82-3880514	PERLB ABC, LLC	11160 BROKEN BIT LN	ASHLAND, VA 23005-7551
81-3816372	PLATINUM CARE SELECT LLC	2901 W. CYPRESS CREEK ROAD, SUITE 115	FORT LAUDERDALE, FL 33309
80-0697642	PLATINUM PROTECTION GROUP L C	3448 ELLICOTT CENTER DR, SUITE 103	ELLICOTT CITY, MD 21043
45-4193208	PLUTOS NATIONAL TITLE LLC	4701 COX ROAD, STE. 285	GLEN ALLEN, VA 23060-6802
43-1573346	POWERS GROUP INC	7745 CARONDELET, SUITE 200	CLAYTON, MO 63105-3315
84-0508741	PREFERRED FINANCIAL CORPORATION	2327 ENGLERT DR.	DURHAM, NC 27713
82-2788346	PROVIDENCE REALTY AND FINANCIAL MUTUAL	2702 PERDUE CT	CHESTER, VA 23831-2149
35-2576317	PROVIDER ALLIANCE INSURANCE SERVICES LLC	16 HAWK RIDGE DR	LAKE ST LOUIS, MO 63367
51-0575863	REAL ADVANTAGE LLC	1000 COMMERCE DRIVE, SUITE 420	PITTSBURGH, PA 15275
61-1290197	RISK SERVICES CORP	PO BOX 99900	LOUISVILLE, KY 40269
54-1548730	RLI INC	10400 EATON PLACE, SUITE 109	FAIRFAX, VA 22030

54-1741931	ROCKY MOUNT TITLE INC	105 SOUTH MAIN STREET COMMONWEALTH BUILDING, SUITE 206	ROCKY MOUNT, VA 24151
82-3630697	ROSENBLATT BROKERAGE LLC	108 KINGS HIGHWAY EAST, SUITE 220	HADDONFIELD, NJ 08033
20-2136222	S BROWN & ASSOC	150 RIVER RD M3	MONTVILLE, NJ 07045
46-0928803	SADDLE POINT LLC	38511 US HWY 19 N	PALM HARBOR, FL 34684
46-4253274	SECURITY FINANCIAL INSURANCE GROUP, LLC.	828 GREENBRIER PARKWAY SOUTH, SUITE 220	CHESAPEAKE, VA 23322
04-3725024	SHAMROCK TITLE LLC	3914 CENTREVILLE ROAD, SUITE 360	CHANTILLY, VA 20151
01-0778573	SOUTHWEST RISK MANAGEMENT LLC	4801 E MCKELLIPS ROAD	MESA, AZ 85215
82-2273072	SPERO INSURANCE SOLUTIONS LLC	5901 KEY AVE.	BALTIMORE, MD 21215
45-4883784	SQUARETRADE INSURANCE SERVICES INC	575 MARKET STREET, 10TH FLOOR	SAN FRANCISCO, CA 94105
81-3786361	STONE MOUNTAIN BENEFITS LLC	13024 BALLANTYNE CORP. PL., SUITE 400	CHARLOTTE, NC 28277
04-3718801	SYNERGY COVERAGE SOLUTIONS LLC	3440 TORINGDON WAY #300	CHARLOTTE, NC 28277
46-3478172	THE BURNELL GROUP LLC	500 CREST HILL RD	LYNCHBURG, VA 24504-4342
47-5311645	THE CHAMBERLAIN GROUP LTD	7841 CRYSTAL BROOK WAY	HANOVER, MD 21076
82-1368878	THE HOMESTEAD INSURANCE GROUP INC	1701B ELLINGTON RD SE	CONYERS, GA 30013-2192
47-1673045	THE LANDMARK INSURANCE GROUP LLC	6501 E BELLEVIEW AVE. STE 550	ENGLEWOOD, CO 80111-6040
13-3598921	THE MECHANIC GROUP INC	ONE BLUE HILL PLAZA, STE 530 PO BOX 10965	PEARL RIVER, NY 10965
31-1711184	THE SERVICE CENTER TITLE AGENCY INC	59 N DIXIE DR STE A	VANDALIA, OH 45377-2067
94-2706681	THOITS INSURANCE SERVICE INC	160 W SANTA CLARA ST, SUITE 575	SAN JOSE, CA 95113
48-0992855	TOZIER PARKWAY HOUSH JONES	PO BOX 7787	OVERLAND PARK, KS 66207
47-4741990	TRANSPORTATION INSURANCE EXPERTS LLC	2018 POWERS FERRY ROAD NW, SUITE 575	ATLANTA, GA 30339
47-4235140	TRM INSURANCE, INC	PO BOX 4021	CHATTANOOGA, TN 37405
82-2676716	USA MEDICARE ADVISORS INSURANCE AGENCY LLC	1001 W CYPRESS CREEK RD, STE 105	FORT LAUDERDALE, FL 33309
52-2257347	VINTAGE SETTLEMENT SERVICES LLC	2191 DEFENSE HWY, STE 300	CROFTON, MD 21114
46-0870630	WORTH FINANCIAL INS SERVICES	1355 GREENWOOD CLIFF, STE 300	CHARLOTTE, NC 28204

CASE NO. INS-2019-00127
NOVEMBER 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JOSE LUIS GOMEZ,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Jose Luis Gomez ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing materially incorrect, misleading, incomplete or untrue information on the October 26, 2018 insurance license application he filed with the Commission in that he failed to disclose a 2013 misdemeanor conviction for attempted forgery in DuPage County, Illinois.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated September 25, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's September 25, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete, or untrue information in the license application that the Defendant filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00130
NOVEMBER 8, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CALIFORNIA CASUALTY INDEMNITY EXCHANGE,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination conducted by the Bureau of Insurance ("Bureau"), it is alleged that California Casualty Indemnity Exchange ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-2201 D of the Code of Virginia ("Code") by failing to obtain written authorization from an insured prior to making medical expense benefit payments directly to the medical provider; and § 38.2-510 A (1) of the Code, 14 VAC 5-400-30 of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, 14 VAC 5-400-40 A, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D by failing to properly handle claims with such frequency as to indicate a general business practice.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in company correspondence dated June 28, 2019, July 26, 2019, and September 6, 2019, has confirmed that restitution was made to 34 consumers in the amount of Thirty-two Thousand Six Hundred Nine Dollars ($32,609), has tendered to Virginia the sum of Twenty-two Thousand Four Hundred Dollars ($22,400), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00131
OCTOBER 9, 2019

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

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Electric Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq*., of the Virginia Administrative Code by failing to properly issue first party claim payments under the insured's Uninsured Motorist Property Damage Coverage.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code of Virginia ("Code") to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in company correspondence dated July 29, 2019 and September 11, 2019, has tendered to Virginia the sum of Two Thousand Five Hundred Dollars ($2,500), has confirmed that restitution was made to 16 consumers in the amount of Five Thousand Eight Hundred Dollars and Thirty Cents ($5,800.30), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00132
OCTOBER 9, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ACADIA INSURANCE COMPANY, CONTINENTAL WESTERN INSURANCE COMPANY,
FIREMEN'S INSURANCE COMPANY OF WASHINGTON, D.C., UNION INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Acadia Insurance Company, Continental Western Insurance Company, Firemen's Insurance Company of Washington, D.C., and Union Insurance Company (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying 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 outlined in company correspondence dated June 12, 2019, have confirmed by company correspondence dated June 19, 2019 that restitution was made to 205 consumers in the amount of Nine Thousand Three Hundred Forty-one Dollars and Forty-five Cents ($9,341.45), and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00134
OCTOBER 9, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
UNITED STATES FIRE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that United States Fire Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-317 A of the Code of Virginia ("Code") by issuing insurance policies or endorsements without having filed such policies or endorsements with the Commission at least thirty days prior to their effective date and by failing to use insurance policy forms or endorsements on file and approved by the Commission.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in company correspondence dated August 29, 2019, has tendered to Virginia the sum of Five Thousand Dollars ($5,000), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00137
DECEMBER 10, 2019

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

For Amendment of the Final Orders in Case Nos. INS-2002-00131 and INS-2007-00141 to grant complete and final relief from all remaining geographic restrictions prohibiting Anthem from providing services and functions from locations outside Virginia

FINAL ORDER

On October 3, 2019, Anthem Health Plans of Virginia, Inc., and HealthKeepers, Inc. (collectively, "Anthem" or "Petitioners"), filed a Petition[1] pursuant to 5 VAC 5-20-100 B of the State Corporation Commission's ("Commission") Rules of Practice and Procedure ("Rules"), 5 VAC 5-20-10 *et seq.*, to modify the Final Orders entered in Case No. INS-2002-00131 ("2002 Final Order")[2], and Case No. INS-2007-00141 ("2007 Final Order")[3].

In the 2002 Final Order, the Commission required that Anthem cause the following services to be provided from offices located in the Commonwealth of Virginia ("Virginia"): claims processing and case management, customer service, actuarial, underwriting, marketing, quality management, community relations, distribution management, sales, provider services, medical management, and network development.[4]

In the 2007 Final Order, the Commission continued the requirement that Anthem cause the following services to be provided from offices located in Virginia: claims processing and case management, customer service, quality management, provider services, medical management, and network development. The Commission permitted Anthem to provide the following services from offices located outside of Virginia: actuarial, underwriting, marketing, community relations, distribution management, and sales. In the 2007 Final Order, the Commission also stated that if Anthem seeks to provide any of the aforementioned services currently required to be provided from offices located in Virginia from offices located outside of Virginia, it should file a petition with the Commission "setting forth a specific and detailed proposal for providing such services out of state, including specific and detailed information on *how* and *where* Anthem will provide such services, as well as safeguards for ensuring adequate levels of service."[5]

In the current Petition, the Petitioners are requesting that the Commission enter an order granting Anthem complete and final relief from the restrictions in place under the 2002 Final Order and the 2007 Final Order, and allow Anthem to offer and deliver services and functions to Anthem's fully-insured commercial members in Virginia from offices in Virginia, as well as offices outside of Virginia.[6]

The Petitioners represent that the Petition was provided to the Medical Society of Virginia ("MSV") for review and comment, and that MSV has authorized the Petitioners to represent that it does not object to the Petition.[7]

On October 18, 2019, the Commission entered a Scheduling Order in which it provided a deadline of November 8, 2019, for interested persons to file a notice of participation as a respondent in this matter; a deadline of November 15, 2019, for interested persons to file comments on the Petition; and a deadline of November 22, 2019, for the Bureau of Insurance ("Bureau") to file a response to the Petition.

On November 8, 2019, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a Notice of Participation. On November 15, 2019, Consumer Counsel filed comments stating that it neither supports nor opposes the Petition and will defer to the Commission's judgment as to whether the Petition demonstrates that it is now in the best interests of policyholders, enrollees, and the public to release Anthem from the remaining service restrictions previously imposed. On November 22, 2019, the Bureau filed its response to the Petition in which it stated that it supported granting the relief requested by the Petition.

NOW THE COMMISSION, having considered the Petition, the comments of Consumer Counsel, and the Bureau's response, finds that the Petition should be granted.

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[1] *Petition of Anthem Health Plans of Virginia, Inc. and HealthKeepers, Inc. For Amendment of the Final Orders in Case Nos. INS-2002-00131 and INS-2007-00141 to grant complete and final relief from all remaining geographic restrictions prohibiting Anthem from providing services from locations outside Virginia*, Case No. INS-2019-00137 (Oct. 3, 2019) (hereinafter, "Petition").

[2] *Application of Anthem, Inc. and Trigon Healthcare, Inc.*, Case No. INS-2002-00131, 2002 S.C.C. Ann. Rept. 118, Final Order (July 19, 2002).

[3] *Petition of Anthem Health Plans of Virginia, Inc., HealthKeepers, Inc., Priority Health. Care, Inc., Peninsula Health Care, Inc., WellPoint, Inc., Anthem Southeast, Inc.*, Case No. INS-2007-00141, 2007 S.C.C. Ann. Rept. 114, Final Order (Aug. 9, 2007).

[4] 2002 Final Order at 119.

[5] 2007 Final Order at 115-116.

[6] Petition at 8.

[7] *Id.* at 8.

Accordingly, IT IS ORDERED THAT:

(1) Anthem's Petition is hereby GRANTED.

(2) Anthem is permitted to provide all of its services and functions to Anthem members in Virginia from locations outside of Virginia.

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

CASE NO. INS-2019-00138
OCTOBER 11, 2019

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

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Electric Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-2201 of the Code of Virginia ("Code") by failing to follow the provisions for payment of medical expense benefits as provided under the statute.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the 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 agreed to comply with the corrective action plan outlined in company correspondence dated August 2, 2019, August 16, 2019, and August 30, 2019; has confirmed by company correspondence dated September 16, 2019 that restitution was made to seven consumers in the amount of Twelve Thousand Three Hundred Eighty Dollars and Forty-three Cents ($12,380.43); has tendered to Virginia the sum of Two Thousand Five Hundred Dollars ($2,500); and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00140
OCTOBER 25, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SAMIR R. JONES,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Samir R. Jones ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (A) of the Code of Virginia ("Code") by failing to report within 30 calendar days to the Commission and to every insurer for which he is appointed any change in his residence; and § 38.2-1826 (C) of the Code by failing to report to the Commission within 30 calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction when he failed to report the following: (1) a license denial in North Dakota on May 14, 2018, (2) a Notice of Revocation Order in Louisiana effective December 28, 2018, (3) a license revocation in South Dakota on January 23, 2019, and (4) an Order Revoking License in Washington State effective May 15, 2019.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated August 13, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's August 13, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (A) of the Code by failing to report within 30 calendar days to the Commission and to every insurer for which he is appointed any change in his residence; and § 38.2-1826 (C) of the Code by failing to report to the Commission within 30 calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00141
OCTOBER 24, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CONNIE GOODMAN KESLER,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Connie Goodman Kesler ("Kesler" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 (A) of the Code of Virginia ("Code") by making false or fraudulent representations on an application relating to the business of insurance for the purpose of obtaining a commission from an insurer.

Kesler is a Virginia resident licensed with the following lines of authority: Life & Annuities, Health, Property & Casualty, and Variable Contracts.

The Bureau alleges that Kesler, to obtain commissions, wrote insurance policies for Virginia insureds to which she applied discounts the insureds were not eligible to receive.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission, wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia, effective October 2, 2019, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from October 2, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00142
OCTOBER 25, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NATHAN R. MILLER,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nathan R. Miller ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction when he failed to report his license revocation in Kentucky on January 17, 2019.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated September 12, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's September 12, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00143
OCTOBER 25, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PATRICE PARKER,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Patrice Parker ("Parker" or "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-512 A of the Code of Virginia ("Code") by making false or fraudulent statements or representations on or relative to a document or communication relating to the business of insurance for the purpose of obtaining a benefit from an insurer.

Parker is a Virginia resident licensed with the following lines of authority: Life & Annuities, Health, and Property & Casualty.

The Bureau alleges that Parker, while employed by an insurer, manipulated the insurer's computer pay system to create the appearance that she was making payments to the insurer on her personal insurance policy when, in fact, she did not have the funds in her personal account to cover those payments.

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

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission, wherein the Defendant has waived the right to a hearing, has voluntarily surrendered the authority to act as an insurance agent in Virginia effective October 2, 2019, and has agreed not to make any application to transact the business of insurance in Virginia for a period of five (5) years from October 2, 2019.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00145
OCTOBER 25, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LISA VARNEY,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Lisa Varney ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction when she failed to report the following: (1) an Order of Summary Revocation in California effective June 15, 2019; (2) a license denial in Oregon effective March 27, 2019; and (3) an Order Revoking License in the state of Washington effective July 11, 2019.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated September 12, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's September 12, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00146
OCTOBER 17, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NATIONWIDE MUTUAL FIRE INSURANCE COMPANY, NATIONWIDE MUTUAL INSURANCE COMPANY,
NATIONWIDE PROPERTY & CASUALTY INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Nationwide Mutual Fire Insurance Company, Nationwide Mutual Insurance Company, and Nationwide Property & Casualty Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying 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 outlined in company correspondence dated February 28, 2019, have confirmed by company correspondence dated July 11, 2019, that restitution was made to 245 consumers in the amount of Three Hundred Ninety-seven Thousand Six Hundred Sixty-seven Dollars and Sixty Cents ($397,667.60), and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00149
NOVEMBER 25, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ANTHEM HEALTH PLANS OF VIRGINIA, INC.,
Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Anthem Health Plans of Virginia, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-3405 B of the Code of Virginia ("Code") by improperly allowing the subrogation of claim payments.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has agreed to comply with the corrective action plan outlined in company correspondence dated November 7, 2019; has tendered to the Treasurer of Virginia the sum of Forty Thousand Dollars ($40,000); has agreed to cease and desist from future violations of § 38.2-3405 B of the Code; and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendant shall immediately cease and desist from future violations of § 38.2-3405 B of the Code of Virginia arising out of this investigation.

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

CASE NO. INS-2019-00150
OCTOBER 30, 2019

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

ORDER SUSPENDING LICENSE

Section 38.2-1040 (A) (8) of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") may suspend the license of any domestic, foreign, or alien insurer to transact the business of insurance in the Commonwealth of Virginia ("Virginia") whenever it finds that the insurer has been found insolvent by a court of any other state. Section 38.2-1041 of the Code provides that the Commission may immediately suspend the license of any insurer on the grounds specified in subdivision 8 of subsection A of § 38.2-1040 of the Code without prior notice to the insurer.

Gateway Insurance Company ("Defendant"), an Illinois-domiciled insurer, was initially licensed to transact the business of insurance in Virginia on March 11, 2009.[1] On October 16, 2019, the Chancery Division of the Circuit Court of Cook County, Illinois entered an Agreed Order of Rehabilitation appointing Robert H. Muriel, Director of the Illinois Department of Insurance, as the statutory Rehabilitator of the Defendant.[2]

The Bureau of Insurance, given the foregoing, has recommended that the Commission enter an order suspending the Defendant's license to transact the business of insurance in Virginia.

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[1] Gateway Insurance Company ("GIC") re-domiciled from Missouri to Illinois on August 23, 2019, and the Commission has not yet processed the change in domiciliary state.

[2] GIC is an affiliate of American Service Insurance Company ("ASIC"). ASIC was placed into rehabilitation in Illinois on July 8, 2019. The Commission suspended the license of ASIC on September 5, 2019. *See* Order Suspending License in Case No. INS-2019-00125.

NOW THE COMMISSION, upon consideration of this matter, 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 (A) (8) of the Code, the license of the Defendant to transact the business of insurance in Virginia is hereby SUSPENDED;

(2) The Defendant shall issue no new contracts or policies of insurance in Virginia until further order of the Commission;

(3) The appointments of the Defendant's agents to act on behalf of the Defendant in Virginia are hereby SUSPENDED;

(4) The Defendant's agents shall transact no new insurance business on behalf of the Defendant in Virginia until further order of the Commission; and

(5) 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.

CASE NO. INS-2019-00151
NOVEMBER 25, 2019

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

SETTLEMENT ORDER

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that HealthKeepers, Inc. ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated 14 VAC 5-400-70 E of the Commission's Rules Governing Unfair Claim Settlement Practices ("Rules"), 14 VAC 5-400-10 *et seq*. of the Virginia Administrative Code, by unreasonably refusing to pay claims in accordance with the provisions of the policy, specifically by applying an out-of-network cost share to an insured's in-network claims.

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 a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Treasurer of Virginia the sum of Fifty Thousand Dollars ($50,000); has agreed to comply with the corrective action plan outlined in company correspondence dated August 9, 2019; has agreed to cease and desist from future violations of 14 VAC 5-400-70 E of the Rules; and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendant shall immediately cease and desist from future violations of 14 VAC 5-400-70 E of the Virginia Administrative Code arising out of this investigation.

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

CASE NO. INS-2019-00152
OCTOBER 24, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AUTO-OWNERS INSURANCE COMPANY, OWNERS INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Auto-Owners Insurance Company and Owners Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-317 A of the Code of Virginia ("Code") by issuing insurance policies or endorsements without having filed such policies 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 to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying any violation of Virginia law, have agreed to comply with the corrective action plan outlined in company correspondence dated July 2, 2018, December 26, 2018 and October 1, 2019, and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00153
DECEMBER 19, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ERIE INSURANCE COMPANY, and ERIE INSURANCE EXCHANGE,
Defendants

SETTLEMENT ORDER

Based on a market conduct examination conducted by the Bureau of Insurance ("Bureau"), it is alleged that Erie Insurance Company and Erie Insurance Exchange (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-305 A of the Code of Virginia ("Code") by failing to provide the information required by the statute in the insurance policy; § 38.2-317 A of the Code by issuing insurance policies or endorsements without having filed such policies or endorsements with the Commission at least thirty days prior to their effective date, §§ 38.2-305 B, 38.2-604 B, 38.2-604.1 A, 38.2-610 A, 38.2-1905 A, 38.2-2125, 38.2-2126 A, and 38.2-2129 of the Code by failing to accurately provide the required notices to insureds; § 38.2-502 (1) of the Code by failing to accurately represent insurance policy benefits and conditions; § 38.2-1906 A of the Code by failing to file all rates and supplementary rate information with the Commission; § 38.2-1906 D of the Code by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants; §§ 38.2-2114 A, 38.2-2114 C, 38.2-2212 C, 38.2-2212 D, and 38.2-2212 E of the Code by failing to properly terminate insurance policies; § 38.2-2126 B of the Code by failing to update the insured's credit information at least once every three years; § 38.2-2220 of the Code by failing to use forms in the precise language of the standard forms previously filed and adopted by the Commission; and §§ 38.2-510 A 3, 38.2-510 A 6, and 38.2-2201 B of the Code, and 14 VAC 5-400-30 C, 14 VAC 5-400-40 A, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq*., by failing to properly handle claims with such frequency as to indicate a general business practice.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying 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 outlined in company correspondence dated April 19, 2019, May 1, 2019, July 25, 2019, October 4, 2019, and October 22, 2019; have confirmed that restitution was made to 90 consumers in the amount of Fourteen Thousand Nine Hundred Nineteen Dollars and Sixty-three Cents ($14,919.63); have tendered to the Treasurer of Virginia the sum of Seventy-five Thousand Three Hundred Dollars ($75,300); and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00154
OCTOBER 31, 2019

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

Ex Parte: In the matter of the assessment upon certain companies and surplus lines brokers to pay the expense of the Bureau of Insurance for the calendar year 2020

ASSESSMENT ORDER

Pursuant to §§ 38.2-400 and 38.2-403 of the Code of Virginia ("Code"),

IT IS ORDERED that there be, and there is hereby, ASSESSED, for the calendar year 2020 upon each company and surplus lines broker subject to Title 38.2 of the Code, except premium finance companies licensed pursuant to Chapter 47 of Title 38.2 of the Code and providers of continuing care registered pursuant to Chapter 49 of Title 38.2 of the Code, as its just share of the expense of maintaining the Bureau of Insurance, the greater of (i) $300 or (ii) in proportion to its direct gross premium income on business done in the Commonwealth of Virginia during the calendar year of 2019, a sum equal to .00025 (.025%) of such direct gross premium income.

CASE NO. INS-2019-00156
DECEMBER 10, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TENDAI GOPITO,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Tendai Gopito ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction when he failed to report administrative actions taken against him in the State of Michigan on March 22, 2019 and in the State of Washington on July 11, 2019.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated October 11, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's October 11, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00157
NOVEMBER 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARICA L. SHAW,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Marica L. Shaw ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction when she failed to report a fine levied on her by the state of Louisiana on January 11, 2019 for providing incorrect, misleading or materially false information on her Louisiana insurance license application; and § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete or untrue information in the license application filed with the Commission on October 5, 2018 when she failed to disclose a misdemeanor conviction for retail theft in Pennsylvania from 2004.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated August 13, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in 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 by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction; and § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete or untrue information in the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00166
DECEMBER 19, 2019

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

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Christopher Chung ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1831 (1) of the Code of Virginia ("Code") by providing materially incorrect, misleading, incomplete or untrue information in the license application he filed with the Commission on December 14, 2018 by failing to disclose that he had been charged with a misdemeanor violation of a court order in Gilbert, Arizona on July 25, 2018.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated October 28, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's October 28, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1831 (1) of the Code by providing materially incorrect, misleading, incomplete or untrue information in the license application filed with the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00172
DECEMBER 19, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
LORRAINE THERESA TIGHE,
Defendant

ORDER REVOKING LICENSE

Based on an investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Lorraine Theresa Tighe ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-1826 (C) of the Code of Virginia ("Code") by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction when she failed to report administrative actions taken against her in Nebraska on May 7, 2019 and South Carolina on August 12, 2019.

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

The Defendant has been notified of the right to a hearing before the Commission in this matter by certified letter dated October 28, 2019, and mailed to the Defendant's address shown in the records of the Bureau.

The Defendant, having been advised in the above manner of the right to a hearing in this matter, has failed to request a hearing in response to the Bureau's October 28, 2019 letter.

The Bureau, upon the Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking the Defendant's license to transact the business of insurance in Virginia as an insurance agent.

NOW THE COMMISSION is of the opinion and finds that the Defendant has violated § 38.2-1826 (C) of the Code by failing to report to the Commission within thirty (30) calendar days of the final disposition of the matter any administrative action taken against the Defendant in another jurisdiction.

Accordingly, IT IS ORDERED THAT:

(1) The license of the Defendant to transact the business of insurance in Virginia as an insurance agent is hereby REVOKED.

(2) All appointments issued under said license are hereby VOID.

(3) The Defendant shall transact no further business in Virginia as an insurance agent.

(4) The Defendant shall not apply to the Commission to be licensed as an insurance agent in Virginia prior to sixty (60) days from the date of this Order.

(5) The Bureau shall notify every insurance company for which the Defendant holds an appointment to act as an insurance agent in Virginia.

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

CASE NO. INS-2019-00176
DECEMBER 17, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AMERICAN FIRE AND CASUALTY COMPANY and OHIO SECURITY INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that American Fire and Casualty Company and Ohio Security Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying 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 outlined in company correspondence dated March 13, 2019; have confirmed by company correspondence dated September 27, 2019, that restitution was made to 633 consumers in the amount of One Hundred Forty-eight Thousand Nine Hundred Ten Dollars and Thirty-one Cents ($148,910.31); and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00177
DECEMBER 17, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
TRUMBULL INSURANCE COMPANY and TWIN CITY FIRE INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct inquiry and investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Trumbull Insurance Company and Twin City Fire Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendants.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying 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 outlined in company correspondence dated October 22, 2019, have confirmed that restitution was made to 13 consumers in the amount of One Thousand One Hundred Eight Dollars and Seventy-six Cents ($1,108.76), and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00178
DECEMBER 17, 2019

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

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Arch Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has agreed to comply with the corrective action plan outlined in company correspondence dated June 28, 2019; has confirmed by company correspondence dated July 12, 2019, that restitution was made to 31 consumers in the amount of Twenty-three Thousand Nine Hundred Forty-seven Dollars and Fifty-two Cents ($23,947.52); has tendered to the Treasurer of Virginia the sum of Two Thousand Five Hundred Dollars ($2,500); and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00179
DECEMBER 17, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
AUTO-OWNERS INSURANCE COMPANY and OWNERS INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Auto-Owners Insurance Company and Owners Insurance Company (collectively, "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-317 A of the Code of Virginia ("Code") by issuing insurance policies or endorsements without having filed such policies 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 to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying any violation of Virginia law, have agreed to comply with the corrective action plan outlined in company correspondence dated November 6, 2019, and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00183
DECEMBER 10, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
PROGRESSIVE ADVANCED INSURANCE COMPANY, PROGRESSIVE AMERICAN INSURANCE COMPANY,
PROGRESSIVE CASUALTY INSURANCE COMPANY, PROGRESSIVE CLASSIC INSURANCE COMPANY,
PROGRESSIVE DIRECT INSURANCE COMPANY, PROGRESSIVE GULF INSURANCE COMPANY,
PROGRESSIVE NORTHERN INSURANCE COMPANY, PROGRESSIVE NORTHWESTERN INSURANCE COMPANY,
PROGRESSIVE SPECIALTY INSURANCE COMPANY, PROGRESSIVE UNIVERSAL INSURANCE COMPANY,
UNITED FINANCIAL CASUALTY COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct investigation conducted by the Bureau of Insurance ("Bureau"), it is alleged that Progressive Advanced Insurance Company, Progressive American Insurance Company, Progressive Casualty Insurance Company, Progressive Classic Insurance Company, Progressive Direct Insurance Company, Progressive Gulf Insurance Company, Progressive Northern Insurance Company, Progressive Northwestern Insurance Company, Progressive Specialty Insurance Company, Progressive Universal Insurance Company, and United Financial Casualty Company (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-2201 of the Code of Virginia ("Code") by failing to follow the provisions for payment of medical expense benefits as provided under the statute.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying 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 outlined in company correspondence dated November 14, 2018, confirmed that restitution was made to 1,684 consumers in the amount of $4,876,344.71, and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00192
DECEMBER 18, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FCCI INSURANCE COMPANY, and NATIONAL TRUST INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that FCCI Insurance Company and National Trust Insurance Company (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-317 H of the Code of Virginia ("Code") by failing to use insurance policies or endorsements on file and approved by the Commission as of the effective date requested by the Defendants.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying 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 outlined in company correspondence dated August 30, 2019, have tendered to the Treasurer of Virginia the sum of Five Thousand Dollars ($5,000), and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00193
DECEMBER 18, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
FCCI INSURANCE COMPANY, and NATIONAL TRUST INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that FCCI Insurance Company and National Trust Insurance Company (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-317 H of the Code of Virginia ("Code") by failing to use insurance policies or endorsements on file and approved by the Commission as of the effective date requested by the Defendants.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting or denying 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 outlined in company correspondence dated August 30, 2019, have tendered to the Treasurer of Virginia the sum of Five Thousand Dollars ($5,000), and have waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

CASE NO. INS-2019-00195
DECEMBER 17, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
UTICA NATIONAL ASSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that Utica National Assurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated § 38.2-1906 D of the Code of Virginia ("Code") by making or issuing insurance contracts or policies not in accordance with the rate and supplementary rate information filings in effect for the Defendant.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violation.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has agreed to comply with the corrective action plan outlined in company correspondence dated September 6, 2019, has confirmed that restitution was made to 1,899 consumers in the amount of Twenty Thousand Two Hundred Nineteen Dollars and Fifty Cents ($20,219.50), has tendered to the Treasurer of Virginia the sum of Two Thousand Five Hundred Dollars ($2,500), and has waived the right to a hearing.

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

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

Accordingly, IT IS ORDERED THAT:

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

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

DIVISION OF PUBLIC SERVICE TAXATION

MATTER NO. PST-2019-00003
MAY 14, 2019

IN THE MATTER OF

The Assessment of the Special Regulatory Revenue Tax on Motor Vehicle Carriers and the Virginia Pilots' Association for the Tax Year 2019

ASSESSMENT ORDER

Pursuant to Article 6 of Chapter 26 of Title 58.1 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is required to assess a special regulatory revenue tax on common carriers of passengers by motor vehicle carrier in the Commonwealth of Virginia and the Virginia Pilots' Association. On January 4, 2019, the Commission's Division of Public Service Taxation sent each certificated motor vehicle carrier and the Virginia Pilots' Association a notice that its special regulatory revenue tax payment for the Tax Year 2019 would be due June 1, 2019.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the gross receipts of each such motor vehicle carrier and the Virginia Pilots' Association from business done within the Commonwealth of Virginia for the year ending December 31, 2018, is determined to be the amounts as recorded in the Commission's Division of Public Service Taxation, and the special regulatory revenue tax of sixteen hundredths of one percent of the gross receipts on said common carriers and the Virginia Pilots' Association for the Tax Year 2019 should be assessed.

Accordingly, IT IS ORDERED THAT:

1. The special regulatory revenue tax imposed by law on the gross receipts of each certificated motor vehicle carrier and the Virginia Pilots' Association shall be assessed as prescribed by Code §§ 58.1-2660, 58.1-2663, and 58.1-2664.

2. The special regulatory revenue tax on each certificated motor vehicle carrier and the Virginia Pilots' Association shall be paid by June 1, 2019, in accordance with Code § 58.1-2663.

3. The certified assessments shall be located in the Commission's Division of Public Service Taxation.

MATTER NO. PST-2019-00004
MAY 14, 2019

IN THE MATTER OF

The Assessment of the Special Regulatory Revenue Tax on Telecommunications Companies for the Tax Year 2019

ASSESSMENT ORDER

Pursuant to Article 6 of Chapter 26 of Title 58.1 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is required to assess a special regulatory revenue tax on telephone companies covered by Code § 58.1-2660 A 3. On January 4, 2019, the Commission's Division of Public Service Taxation sent each such telephone company a notice that its special regulatory revenue tax payment for Tax Year 2019 would be due June 1, 2019.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the gross receipts of said telephone companies from business done within the Commonwealth of Virginia for the year ending December 31, 2018, is determined to be the amounts as recorded in the Commission's Division of Public Service Taxation, and a special regulatory revenue tax of sixteen hundredths of one percent of the gross receipts on said companies for the Tax Year 2019 should be assessed.

Accordingly, IT IS ORDERED THAT:

1. The special regulatory revenue tax imposed by law on the gross receipts of each applicable telephone company shall be assessed as prescribed by Code §§ 58.1-2660, 58.1-2662.1, and 58.1-2664.

2. The special regulatory revenue tax on each telephone company shall be paid by June 1, 2019, in accordance with Code § 58.1-2663.

3. The certified assessments shall be located in the Commission's Division of Public Service Taxation.

MATTER NO. PST-2019-00005
MAY 14, 2019

IN THE MATTER OF

The Assessment of the Special Regulatory Revenue Tax and the State License Tax on Water Corporations for the Tax Year 2019

ASSESSMENT ORDER

Pursuant to Article 6 of Chapter 26 of Title 58.1 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is required to assess a special regulatory revenue tax on each corporation engaged in the business of furnishing water in the Commonwealth of Virginia. On January 4, 2019, the Commission's Division of Public Service Taxation sent water corporations in the Commonwealth of Virginia a notice that its special regulatory revenue tax payment for Tax Year 2019 would be due June 1, 2019.

Pursuant to Article 2 of Chapter 26 of Title 58.1 of the Code, the Commission is required to assess a state license tax on each corporation engaged in the business of furnishing water in the Commonwealth of Virginia.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the gross receipts of said water corporations from business done within the Commonwealth of Virginia for the year ending December 31, 2018, is determined to be the amounts as recorded in the Commission's Division of Public Service Taxation; that a special regulatory revenue tax of sixteen hundredths of one percent of the gross receipts on such water corporations for the Tax Year 2019 should be assessed; and that the state license tax of two percent of the gross receipts on such water corporations for the Tax Year 2019 should be assessed.

Accordingly, IT IS ORDERED THAT:

1. The special regulatory revenue tax imposed by law on the gross receipts of each water corporation shall be assessed as prescribed by Code § 58.1-2660 and § 58.1-2664.

2. The special regulatory revenue tax on each water corporation shall be paid by June 1, 2019, in accordance with Code § 58.1-2663.

3. The state license tax imposed by law on the gross receipts of each water corporation shall be assessed as prescribed by Code § 58.1-2626.

4. The state license tax on each water corporation shall be paid by June 1, 2019, in accordance with Code § 58.1-2635.

5. The certified assessments shall be located in the Commission's Division of Public Service Taxation.

MATTER NO. PST-2019-00006
MAY 14, 2019

IN THE MATTER OF

The Assessment of the Special Regulatory Revenue Tax on Railroad Companies for the Tax Year 2019

ASSESSMENT ORDER

Pursuant to Article 6 of Chapter 26 of Title 58.1 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is required to assess a special regulatory revenue tax on each non-exempt railroad company doing business in the Commonwealth of Virginia. On April 2, 2019, the Commission's Division of Public Service Taxation sent each railroad company a notice that its special regulatory revenue tax payment for Tax Year 2019 would be due June 1, 2019.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the gross transportation receipts of each such railroad company from business done within the Commonwealth of Virginia for the year ending December 31, 2018, is determined to be the amount as recorded in the Commission's Division of Public Service Taxation, and the special regulatory revenue tax of eighteen hundredths of one percent of said gross transportation receipts on said company for the Tax Year 2019 should be assessed.

Accordingly, IT IS ORDERED THAT:

1. The special regulatory revenue tax on each non-exempt railroad company shall be assessed as prescribed by Code §§ 58.1-2660 through 58.1-2662 and § 58.1-2664.

2. The special regulatory revenue tax on each non-exempt railroad company shall be paid by June 1, 2018, in accordance with Code § 58.1-2663.

3. The certified assessments shall be located in the Commission's Division of Public Service Taxation.

MATTER NO. PST-2019-00007
MAY 14, 2019

IN THE MATTER OF

The Assessment of the Gross Receipts Subject to the Minimum Tax on Telecommunications Companies and Certain Electric Suppliers for the Tax Year 2019

ASSESSMENT ORDER

Pursuant to Article 10 of Chapter 3 of Title 58.1 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is required to certify to the Virginia Department of Taxation for each tax year the name, address, and gross receipts for each telecommunications company that is either organized under Virginia law or a foreign corporation having income from Virginia sources. The Commission is also required to calculate and certify to the Virginia Department of Taxation for each tax year the name, address, and minimum tax for certain electric suppliers.

The Commission's Division of Public Service Taxation has gathered the information necessary for the Commission to comply with these statutory directives.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the gross receipts of each said company from business done within the Commonwealth of Virginia for the year ending December 31, 2018, is determined to be as recorded in the Commission's Division of Public Service Taxation; that the gross receipts subject to the minimum tax on said telecommunications companies for the Tax Year 2019 should be certified to the Virginia Department of Taxation as calculated by the Commission's Division of Public Service Taxation; and that the gross receipts and the minimum tax thereon for said electric suppliers for the Tax Year 2019 should be certified to the Virginia Department of Taxation as calculated by the Commission's Division of Public Service Taxation.

Accordingly, IT IS ORDERED THAT:

1. Pursuant to Code § 58.1-400.1, the name, address, and gross receipts for each telecommunications company, as covered herein, shall be certified to the Virginia Department of Taxation.

2. Pursuant to Code § 58.1-400.3, the name, address, and minimum tax as calculated from the gross receipts of each electric supplier, as covered herein, shall be certified to the Virginia Department of Taxation.

3. The certified information shall be located in the Commission's Division of Public Service Taxation.

MATTER NO. PST-2019-00008
MAY 14, 2019

IN THE MATTER OF

The Assessment of the Rolling Stock Tax on Motor Vehicle Carriers for the Tax Year 2019

ASSESSMENT ORDER

Pursuant to § 58.1-2655 B of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is required to assess the average value of the rolling stock used by each certificated motor vehicle carrier in the Commonwealth of Virginia in accordance with Article 5 of Chapter 26 of Title 58.1 of the Code. The Commission's Division of Public Service Taxation has prepared an assessment of the rolling stock of the certified motor vehicle carriers in the Commonwealth of Virginia.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the assessments should be made and that the rolling stock tax assessed for each certificated motor vehicle carrier is due and payable by June 1, 2019.

Accordingly, IT IS ORDERED THAT:

1. The taxes imposed by law on such rolling stock shall be assessed as prescribed by Code § 58.1-2652.

2. The rolling stock tax assessed on each certificated motor vehicle carrier shall be paid by June 1, 2018, in accordance with Code § 58.1-2652 B.

3. The rolling stock taxes collected shall be apportioned to the various cities, counties, and incorporated towns of the Commonwealth of Virginia as prescribed by Code § 58.1-2658.

4. The certified assessments shall be located in the Commission's Division of Public Service Taxation.

MATTER NO. PST-2019-00014
SEPTEMBER 10, 2019

IN THE MATTER OF

The assessment of Water, Heat, Light, and Power Corporations; Electric Suppliers; Pipeline Distribution Companies; and Telecommunications Companies for the 2019 Tax Year

ASSESSMENT ORDER

Pursuant to Chapter 26 of Title 58.1 of the Code of Virginia ("Code"),[1] the State Corporation Commission ("Commission") is required to assess the value of reported property subject to local taxation of each telephone, water, heat, light, and power company, pipeline distribution company, and electric supplier doing business in the Commonwealth of Virginia. Pursuant to Code §§ 58.1-2627.1 and 58.1-2628, every telephone company, every corporation furnishing water, heat, light, and power, whether by electricity, gas, or steam, every pipeline distribution company, and every electric supplier, unless otherwise exempted by statute, is required to report to the Commission all of its real and tangible personal property of every description in the Commonwealth of Virginia by April 15 of each year.

Pursuant to Code § 58.1-2634, a certified copy of the assessment made pursuant to Code § 58.1-2633 shall be forwarded by the Clerk of the Commission to the comptroller, to the president or other proper officer of each company, to the governing body of each county, city, and town wherein any property belonging to such company is situated, and to each commissioner of the revenue. The Commission's Division of Public Service Taxation has gathered the information necessary for the Commission to comply with these statutory directives.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that in accordance with the applicable statutes, it should, and hereby does, ascertain and assess, as of the beginning of the first day of January 2019, the value of the real estate and all other tangible personal property of said companies subject to local taxation.

Accordingly, IT IS ORDERED THAT:

(1) A certified copy of the assessments shall be forwarded to the comptroller, to the president or other proper officer of each company, to the governing body of each county, city, and town wherein any property belonging to such company is situated, and to each commissioner of the revenue so that local taxes may be imposed thereon.

(2) The certified assessments shall be located in the Commission's Division of Public Service Taxation.

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[1] Va. Code § 58.1-2600 *et seq.*

DIVISION OF PUBLIC UTILITY REGULATION

CASE NO. PUC-1997-00135
JUNE 11, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION CASE NO. PUC-1997-00135

Ex Parte: In re: Implementation of Requirements of § 214 (e) of the Telecommunications Act of 1996

APPLICATION OF COX VIRGINIA TELCOM, L.L.C. CASE NO. PUR-2019-00072

For relinquishing its designation as an eligible telecommunications provider pursuant to 47 U.S.C. § 214 (e)

ORDER

On May 1, 2019, Cox Virginia Telcom, L.L.C. ("Cox Telcom" or "Company"), filed an application with the State Corporation Commission ("Commission") requesting that the Commission permit Cox Telcom to relinquish the Company's designation as an Eligible Telecommunications Carrier ("ETC") pursuant to 47 U.S.C. § 214 (e) effective no later than September 1, 2019 ("Application"). Cox notes in its Application that the Commission granted the application of Cox Telcom for designation as an ETC to receive federal universal support for Lifeline service ("Lifeline") in certain non-rural exchanges in 2012.[1]

In the Application, Cox Telcom states that the areas for which Cox Telcom has ETC designation will continue to be served by other designated ETC's.[2] Cox Telcom further states that relinquishment will have nominal impact on Virginia customers, as the Company had only 221 Lifeline subscribers in Virginia as of January 2019.[3] Cox Telcom's Application includes the notice the Company intends to provide describing the effective date for ending its Lifeline offering and customers' options for choosing another Lifeline provider or service options available from Cox Telcom after September 1, 2019.[4]

NOW THE COMMISSION, upon consideration of the Application and applicable law, is of the opinion and finds that Cox Telcom's request for permission to relinquish its designation as an ETC pursuant to 47 U.S.C. § 214 (e) should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Application of Cox Telcom for permission to relinquish its designation as an ETC pursuant to 47 U.S.C. § 214 (e) is granted.

(2) Case No. PUC-1997-00135 is continued pending further order of the Commission.

(3) Case No. PUR-2019-00072 is dismissed.

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[1] Application at 2. *See Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In re: Implementation of Requirements of § 214 (e) of the Telecommunications Act of 1996*, Case No. PUC-1997-00135; and *Application of Cox Virginia Telcom, L.L.C., For designation as an eligible telecommunications carrier under 47 U.S.C. § 214 (e)*, Case No. PUC-2012-00059, 2012 S.C.C. Ann. Rept. 205, Order (Dec. 14, 2012).

[2] *See* Application at 2-3 and Exhibit A.

[3] *Id.* at 3.

[4] *Id.* at 4.

CASE NO. PUE-2008-00050
SEPTEMBER 25, 2019

APPLICATION OF
eSERVICES, LLC D/B/A eSERVICES ENERGY, LLC

For a license to conduct business as a competitive service provider for natural gas

ORDER CANCELLING LICENSE

On June 11, 2008, eServices, LLC, ("eServices"), d/b/a eServices Energy, LLC, filed an application with the State Corporation Commission ("Commission") pursuant to § 56-235.8 F of the Code of Virginia for a license as a competitive service provider ("CSP") for natural gas. On July 23, 2008, the Commission issued License No. G-23 to eServices.[1]

On September 28, 2018, eServices filed a letter notifying the Commission that it wishes to terminate its license to conduct business as a CSP for natural gas. eServices stated in its letter that it is not serving any customers.

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[1] See Application of eServices, LLC, d/b/a eServices Energy, LLC, *For a license to conduct business as a competitive service provider for natural gas,* Case No. PUE-2008-00050, 2008 S.C.C. Ann. Rept. 552, Order Granting License (Jul. 23, 2008).

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that it should cancel eServices License No. G-23 and that this proceeding should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) License No. G-23, issued to eServices to conduct business as a CSP for natural gas, is hereby cancelled.

(2) This matter is dismissed.

CASE NO. PUE-2010-00126
DECEMBER 6, 2019

APPLICATION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE and SOUTH BOSTON ENERGY, LLC

For approval for South Boston Energy, LLC, to retain ownership of the 49.9 megawatt biomass generation facility in Halifax County, Virginia pursuant to Chapter 5 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On October 24, 2019, Northern Virginia Electric Cooperative ("NOVEC") and South Boston Energy, LLC ("SBE") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 5[1] of Title 56 of the Code of Virginia ("Code"). The Application was made in compliance with the requirements of Ordering Paragraph No. 4 of the April 28, 2011 Order in Case No. PUE-2010-00126[2] approving a certificate of public convenience and necessity for SBE to construct, own and operate a 49.9 megawatt biomass generation facility in Halifax County, Virginia ("Biomass Facility"). Ordering Paragraph No. 4 required that:

> NOVEC and SBE shall file an application under the Transfers Act, Chapter 5 (§ 56-88 *et seq*.) of Title 56 of the Code, not later than 6 months after the expiration of the [federal stimulus investment tax credit ("ITC")] grant's 5-year recapture period, to determine whether the Facility should be transferred to NOVEC.[3]

The Applicants request approval for SBE to retain ownership of the Biomass Facility because they represent that a transfer of the facility to NOVEC has no operational benefits, would increase legal and regulatory costs, and could result in a loss of tax benefits for NOVEC's membership.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through Staff's action brief and having considered the Applicants' comments thereon, finds that SBE's continued ownership of the Biomass Facility does not impair or jeopardize the provision of adequate service at just and reasonable rates and, therefore grants approval of the current ownership structure.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-89 and § 56-90, SBE is granted approval to retain ownership of the Biomass Facility.

(2) This case is dismissed.

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[1] § 56-88 *et seq.*

[2] *Application of South Boston Energy, LLC, and Northern Virginia Electric Cooperative, For approval to construct, own and operate a nominal 49.9 MW biomass electric generating facility in Halifax County pursuant to Va. Code section 56-580 D*, Case No. PUE-2010-00126, 2011 S.C.C. Ann. Rpt. 370, 375, Order on Application (Apr. 28, 2011).

[3] *Id.,* at 17.

CASE NO. PUE-2013-00014
FEBRUARY 15, 2019

APPLICATION OF
CONSTELLATION ENERGY GAS CHOICE, INC. CASE NO. PUE-2013-00014

For a license to conduct business as a competitive service provider for natural gas

and

APPLICATION OF
CONSTELLATION ENERGY GAS CHOICE, INC CASE NO. PUE-2013-00048

For a license to conduct business as a competitive service provider for natural gas

ORDER CANCELING LICENSES

By its Order dated March 13, 2013, the State Corporation Commission ("Commission") issued License No. G-34 to Constellation Energy Gas Choice, Inc. ("CEGC" or "the Company"), to conduct business as a competitive service provider for natural gas to commercial and industrial customers throughout Virginia subject to the provisions of the Retail Access Rules, and other applicable law.[1] By its Order dated June 14, 2013, the Commission issued License No. G-36 to CEGC to conduct business as a competitive service provider for natural gas to residential customers throughout service territories in Virginia subject to the provisions of § 56-235.8 F of the Code of Virginia, the Retail Access Rules, and other applicable law.[2]

On February 4, 2019, the Company filed a letter requesting that both aforementioned licenses be terminated since the company no longer has customers and the abandonment of its licenses will have no adverse effects on any customers, the local distribution companies, and/or the Commission. The Company further stated in its February 4, 2019 letter that CEGC had assigned all of its customers to Constellation New Energy – Gas Division, LLC ("CNE-G").[3] Also in its letter, CEGC respectfully requested a waiver to the 60-day notice requirement pursuant to 20 VAC 5-312-80 (O) so that its licenses can be canceled effective immediately.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that Licenses No. G-34 and No. G-36 issued to Constellation Energy Gas Choice, Inc. should be canceled.

Accordingly, IT IS ORDERED THAT:

(1) License No. G-34 issued to Constellation Energy Gas Choice, Inc., to conduct business as a service provider is hereby canceled.

(2) License No. G-36 issued to Constellation Energy Gas Choice, Inc., to conduct business as a service provider is hereby canceled.

(3) The Company's request for a waiver pursuant to 20 VAC 5-312-80 (O) is granted.

(4) These cases are dismissed.

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[1] *Application of Constellation Energy Gas Choice, Inc., For a license to conduct business as a competitive service provider for natural gas*, Case No. PUE-2013-00014, Doc. Con. Cen. No. 130320119, Order Granting License (Mar. 13, 2013).

[2] *Application of Constellation Energy Gas Choice, Inc., For a license to conduct business as a competitive service provider for natural gas*, Case No. PUE-2013-00048, 2013 S.C.C. Ann. Rept. 408, Order Granting License (June 14, 2013).

[3] CNE-G was granted License No. G-51 in Case No. PUR-2017-00043. *See Application of Constellation NewEnergy - Gas Division, LLC, For a License to Conduct Business As a Natural Gas Competitive Service Provider*, Case No. PUR-2017-00043, 2017 S.C.C. Ann. Rep. 482, Order Granting License (May 16, 2017).

CASE NO. PUE-2013-00048
FEBRUARY 15, 2019

APPLICATION OF
CONSTELLATION ENERGY GAS CHOICE, INC. CASE NO. PUE-2013-00014

For a license to conduct business as a competitive service provider for natural gas

and

APPLICATION OF
CONSTELLATION ENERGY GAS CHOICE, INC CASE NO. PUE-2013-00048

For a license to conduct business as a competitive service provider for natural gas

ORDER CANCELING LICENSES

By its Order dated March 13, 2013, the State Corporation Commission ("Commission") issued License No. G-34 to Constellation Energy Gas Choice, Inc. ("CEGC" or "the Company"), to conduct business as a competitive service provider for natural gas to commercial and industrial customers throughout Virginia subject to the provisions of the Retail Access Rules, and other applicable law.[1] By its Order dated June 14, 2013, the Commission issued License No. G-36 to CEGC to conduct business as a competitive service provider for natural gas to residential customers throughout service territories in Virginia subject to the provisions of § 56-235.8 F of the Code of Virginia, the Retail Access Rules, and other applicable law.[2]

On February 4, 2019, the Company filed a letter requesting that both aforementioned licenses be terminated since the company no longer has customers and the abandonment of its licenses will have no adverse effects on any customers, the local distribution companies, and/or the Commission. The Company further stated in its February 4, 2019 letter that CEGC had assigned all of its customers to Constellation New Energy – Gas Division, LLC ("CNE-G").[3] Also in its letter, CEGC respectfully requested a waiver to the 60-day notice requirement pursuant to 20 VAC 5-312-80 (O) so that its licenses can be canceled effective immediately.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that Licenses No. G-34 and No. G-36 issued to Constellation Energy Gas Choice, Inc. should be canceled.

Accordingly, IT IS ORDERED THAT:

(1) License No. G-34 issued to Constellation Energy Gas Choice, Inc., to conduct business as a service provider is hereby canceled.

(2) License No. G-36 issued to Constellation Energy Gas Choice, Inc., to conduct business as a service provider is hereby canceled.

(3) The Company's request for a waiver pursuant to 20 VAC 5-312-80 (O) is granted.

(4) These cases are dismissed.

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[1] *Application of Constellation Energy Gas Choice, Inc., For a license to conduct business as a competitive service provider for natural gas*, Case No. PUE-2013-00014, Doc. Con. Cen. No. 130320119, Order Granting License (Mar. 13, 2013).

[2] *Application of Constellation Energy Gas Choice, Inc., For a license to conduct business as a competitive service provider for natural gas*, Case No. PUE-2013-00048, 2013 S.C.C. Ann. Rept. 408, Order Granting License (June 14, 2013).

[3] CNE-G was granted License No. G-51 in Case No. PUR-2017-00043. *See Application of Constellation NewEnergy - Gas Division, LLC, For a License to Conduct Business As a Natural Gas Competitive Service Provider*, Case No. PUR-2017-00043, 2017 S.C.C. Ann. Rep. 482, Order Granting License (May 16, 2017).

CASE NO. PUE-2015-00033
FEBRUARY 7, 2019

APPLICATION OF
ROANOKE GAS COMPANY

For a certificate of public convenience and necessity pursuant to § 56-265.3 of the Code of Virginia

FINAL ORDER

On March 25, 2015, Roanoke Gas Company ("Roanoke Gas" or "Company") filed an application ("Application") pursuant to § 56-265.3 of the Code of Virginia with the State Corporation Commission ("Commission") requesting approval of a certificate of public convenience and necessity ("Certificate") to provide natural gas distribution service in a portion of Franklin County, Virginia, that currently is not certificated for natural gas service.[1]

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[1] The Company states in the Application that Roanoke Gas holds Certificate No. G-80 to provide service to a small portion of Franklin County. Application at 2.

Roanoke Gas stated that the expansion of its territory to include all of Franklin County would promote the public interest and would be supported by existing facilities to serve new customers in the proposed service territory. The Company also stated that economic development would be encouraged in the proposed service territory and the surrounding area by the availability of natural gas at regulated rates. Roanoke Gas further stated that it would offer natural gas service to customers under a single tariff, with published terms and conditions of service, and with operating procedures and safety plans subject to regulation by the Commission. The Company included with its Application a letter from the Franklin County Administrator, supporting the Company's application to extend its certificated service territory to include all of Franklin County.[2]

The Commission issued an Order for Notice and Comment on April 8, 2015, which, among other things, provided an opportunity for interested persons to participate in the proceeding. On June 9, 2015, the Town of Rocky Mount, Virginia ("Rocky Mount") filed a notice of participation and request for hearing. Rocky Mount filed comments on June 10, 2015. On June 23, 2015, the Company filed a response to Rocky Mount's request for hearing. On July 1, 2015, Rocky Mount filed a reply to the Company's response.

On July 16, 2015, upon motion by the Company requesting that the Commission extend certain filing deadlines and refrain from ruling on Rocky Mount's request for hearing pending further discussions between the Company and Rocky Mount, the Commission entered an Order Granting Extension.

On July 30, 2015, Roanoke Gas filed a Motion to Stay Proceeding ("Motion to Stay") requesting that the Commission stay the proceeding pending further progress in the review process for the Mountain Valley Pipeline by the Federal Energy Regulatory Commission ("FERC")[3] and pending a request by the Company to resume the Commission's consideration of the Application. On July 31, 2015, the Commission issued an Order Granting Motion to Stay ("Order"), suspending all filing deadlines in this proceeding and continuing the case generally until Roanoke Gas filed a request for the Commission to resume its consideration of the Application, at which time the Commission would issue a new procedural order. The Commission's Order further directed Roanoke Gas to simultaneously provide notice to Rocky Mount of the Company's intent to proceed with the Application.

On April 6, 2018, Roanoke Gas filed a Motion to Resume Proceeding ("Motion") requesting the Commission to resume its consideration of the Company's Application. Roanoke Gas represented in its Motion that FERC issued a certificate for the Mountain Valley Pipeline in October 2017. The Company further stated that FERC has issued construction notices to proceed on multiple phases of the project and construction activities have begun. The Company stated in its Motion that it served a copy of the Motion on Rocky Mount in compliance with the Commission's Order.[4]

On May 7, 2018, the Commission issued an Order for Notice and Comment which, among other things, provided additional time for interested persons to comment on the Application or request a hearing in this proceeding; directed the Staff to investigate the Application and file a report containing its findings and recommendations ("Staff Report"); and provided the Company an opportunity to comment on the Staff Report.

On June 28, 2018, the Blue Ridge Environmental Defense League ("Blue Ridge") filed comments on the Application and requested a hearing in Franklin County.

On July 31, 2018, the Staff filed its Staff Report recommending that the Commission issue a Certificate for Roanoke Gas to provide natural gas service in the portion of Franklin County that is currently uncertificated.[5] Staff stated that the Company appears to have the ability to construct the facilities and obtain a supply of natural gas sufficient for providing service in the area.[6] Staff noted that Roanoke Gas believes that the availability of natural gas will assist Franklin County in attracting a broader array of industrial and commercial business, resulting in economic growth and increased state and local tax revenues.[7] Staff also recommended that the Commission consider placing a five-year sunset provision on the Certificate, and indicated that such a provision is consistent with prior Commission orders.[8]

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[2] *See* Application, Exhibit 2.

[3] The Company stated that, although the Company's request for a Certificate is not solely dependent upon construction of the Mountain Valley Pipeline, after more definite and specific details about the Mountain Valley Pipeline became available, Roanoke Gas would be in a better position to address Rocky Mount's questions regarding the provision of natural gas service to Rocky Mount and the uncertificated portion of Franklin County for which the Company seeks a Certificate in this proceeding. Motion to Stay at 2.

[4] Rocky Mount did not file a response to the Motion.

[5] Staff Report at 3.

[6] *Id.*

[7] *Id.*

[8] *Id.* at 3-4.

On August 16, 2018, Roanoke Gas filed its response ("Response") to the Staff Report requesting that the Commission grant the Company a Certificate to provide natural gas service in the uncertificated area of Franklin County.[9] In its Response, the Company noted that on July 23, 2018, it met with Blue Ridge to discuss Blue Ridge's comments and answer further questions.[10] Roanoke Gas also stated that a formal hearing is not necessary in this proceeding and that the Commission can make the necessary findings in this proceeding on the written filings, including the concerns raised in the comments filed by Blue Ridge.[11] The Company further acknowledged that the Commission's issuance of the requested Certificate does not directly approve any specific facilities and the Company would seek any necessary Certificate for facilities that it seeks to construct that do not constitute "ordinary extensions or improvements" as defined in § 56-265.2 of the Code and the Commission's precedent.[12]

On September 26, 2018, Mark Barker, *pro se*, submitted a Request to Consider Additional Comments.[13] On December 5, 2018, the Commission issued an Order Scheduling Local Hearing ("Local Hearing Order") for the purpose of receiving testimony from public witnesses. In addition, in the Local Hearing Order, the Commission accepted into the evidentiary record the Company's Application, the Staff Report, and the Company's Response. The Commission also appointed a Hearing Examiner to preside over the local hearing. The Commission further took under advisement the Request to Consider Additional Comments.

On January 24, 2019, the Chief Hearing Examiner convened a local public hearing in Franklin County, Virginia. Nine public witnesses appeared to testify at the local hearing. On February 4, 2019, the transcript from the local hearing was filed with the Commission.

NOW THE COMMISSION, having considered the evidentiary record, written comments, and public witness testimony, is of the opinion and finds that it is in the public interest to grant Roanoke Gas a Certificate to serve all of Franklin County, subject to the findings and conditions herein. We find that there is a need for the expansion of natural gas service in Franklin County and note that Franklin County supports this expansion and believes that the expansion of service will be beneficial to its citizens and economy.[14] We further find that the approval granted herein shall have no ratemaking implications. We also adopt Staff's recommendation that the Company's authority to furnish gas in the area certificated herein will be terminated if the Company fails to provide natural gas distribution service in the subject area within five years of the date of this Order. Lastly, we accept Mr. Barker's late-filed comments into the record.

Accordingly , IT IS ORDERED THAT:

(1) Roanoke Gas's Application hereby is approved as described herein, subject to the requirements set forth herein.

(2) The approval granted herein shall have no ratemaking implications. Specifically, it will not guarantee the recovery of any costs directly or indirectly related to the expansion of natural gas service pursuant to the CPCN approved herein.

(3) Certificate No. G-80, issued to Roanoke Gas on September 8, 1964, granting authority to provide natural gas service in a portion of Franklin County, is cancelled.

(4) Certificate No. G-80a is issued to Roanoke Gas for authority to provide natural gas service to all of Franklin County.

(5) If Roanoke Gas fails to provide natural gas distribution service to Franklin County within five (5) years of the date of this Order, the authority granted herein shall be terminated by operation of law and the Certificate voided.

(6) Within sixty (60) days of the date of this Order, Roanoke Gas shall file with the Commission's Division of Public Utility Regulation maps of the service territory certificated herein.

(7) The Request to Consider Additional Comments, filed September 26, 2018, is granted.

(8) This matter is dismissed.

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[9] Company's Response at 2.

[10] *Id.*

[11] *Id.*

[12] *Id.*

[13] The Commission's May 7, 2018 Order for Notice and Comment directed any comments to be filed on or before June 28, 2018.

[14] *See* Application, Exhibit 2.

CASE NO. PUE-2015-00093
DECEMBER 23, 2019

APPLICATION OF
OPEN MARKET ENERGY, LLC

For a license to conduct business as an aggregator of natural gas and electricity

ORDER AMENDING LICENSE

On October 6, 2015, in this docket, the State Corporation Commission ("Commission") granted the application of Open Market Energy, LLC ("Open Market" or "Company") for a license to conduct business as an aggregator of natural gas to eligible commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.[1] The Commission's Order Granting License stated, "This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein."[2]

On September 23, 2019, Open Market filed an application with the Commission for a license to do business as an electricity aggregator ("Application"). The Company seeks authority to market electricity services to eligible commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.[3] Open Market 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").[4]

On October 25, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order") that, in part, required the Company to serve a copy of the Procedural Order on specified utilities, permitted interested persons to file comments on the Application, directed the Commission Staff ("Staff") to investigate the Application and present its findings in a report ("Staff Report"), and provided parties an opportunity to respond to the Staff Report.[5]

By letter filed with the Commission on November 4, 2019, Open Market stated that it had completed the service required by the Commission's Procedural Order.

Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU") and DEV filed comments on November 15, 2019.[6]

On November 22, 2019, the Staff filed its Staff Report, which analyzed Open Market's Application and evaluated the Company's financial and technical fitness. Staff recommended that the Commission amend License A-43 to authorize Open Market to conduct business as an aggregator of both natural gas and electricity to commercial, industrial, and governmental customers throughout the service territories open to competition in Virginia.

No party filed comments to the Staff Report.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and applicable law, finds that License No. A-43 shall be cancelled and reissued as License No. A-43A. The reissued License No. A-43A shall authorize Open Market to conduct business as an aggregator of natural gas and electricity to commercial, industrial, and governmental customers throughout the service territories open to competition in Virginia, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) License No. A-43 is hereby cancelled and shall be reissued as License No. A-43A, authorizing Open Market to conduct business as an aggregator of natural gas and electricity to commercial, industrial, and governmental customers throughout the service territories open to competition in Virginia. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

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[1] *Application of Open Market Energy, LLC, For a license to conduct business as an aggregator of natural gas*, Case No. PUR-2015-00093, 2015 S.C.C. Ann. Rept. 376, Order Granting License (Oct. 6, 2015).

[2] *Id.* at 377.

[3] Retail choice for electricity exists only in the service territories of Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV"), Appalachian Power Company, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameter, and renewable energy sources set forth in the Code of Virginia.

[4] 20 VAC 5-312-10 *et seq*.

[5] The Procedural Order also stated that the Application would be treated as a request to amend the Company's current License No. A-43, not as a request for a new license.

[6] We note that KU filed its comments using an incorrect case number, but we accept those comments as if filed in this case.

CASE NO. PUE-2016-00021
DECEMBER 23, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities: Line #65 rebuild across the Rappahannock River

ORDER

By order issued May 29, 2018, the State Corporation Commission ("Commission") granted authority to Virginia Electric and Power Company ("Dominion Energy Virginia" or the "Company") to construct and operate an electric transmission line in the counties of Lancaster, Virginia, and Middlesex, Virginia, and across the Rappahannock River ("Final Order"). Ordering paragraph (5) of the Final Order required that the transmission line be constructed and in service by December 31, 2019.

On December 19, 2019, the Company filed a Motion for Extension of Construction and In-Service Date ("Motion"). In its Motion, the Company stated that it received the final permit related to the transmission line on August 30, 2019, and as a result, work on the line is approximately 25% completed. The Company further stated that "in light of the permitting delays and time of year restrictions on work, the Company anticipates the Rebuild Project being energized and in-service by December 31, 2021." Accordingly, the Company requested that the deadline in Paragraph (5) of the Final Order be extended until December 31, 2021. The Commission has 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 Motion to extend the deadline for construction of the transmission line and associated substation should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (5) of the Commission's May 29, 2018 Final Order shall be revised to read as follows:

> The Project approved herein must be constructed and in service by December 31, 2021. The Company, however, is granted leave to apply for an extension for good cause shown.

(2) All other provisions of the Commission's May 29, 2018 Final Order shall remain unchanged.

CASE NO. PUE-2016-00036
JANUARY 14, 2019

APPLICATION OF
ENERNOC, INC. and ENEL X NORTH AMERICA, INC.

For a license to conduct business as an aggregator of natural gas and electricity

ORDER REISSUING LICENSE

On May 9, 2016, the State Corporation Commission ("Commission") issued License No. A-45 to EnerNOC, Inc. ("EnerNOC" or "Company"), authorizing the Company to provide competitive aggregation service for electricity and natural gas to eligible commercial, industrial, and governmental customers throughout the service territories open to competition in the Commonwealth of Virginia.

On October 1, 2018, EnerNOC notified the Commission Staff that EnerNOC changed its legal name to Enel X North America, Inc., on September 28, 2018.

NOW THE COMMISSION, upon consideration of this matter, finds that it should cancel and reissue License No. A-45 in the name of Enel X North America, Inc., authorizing Enel X North America, Inc., to provide competitive aggregation service for electricity and natural gas to eligible commercial, industrial, and governmental customers throughout the service territories open to competition in the Commonwealth of Virginia.

Accordingly, IT IS ORDERED THAT:

(1) License No. A-45 authorizing EnerNOC to provide competitive aggregation service for electricity and natural gas to eligible commercial, industrial, and governmental customers throughout the service territories open to competition in the Commonwealth of Virginia is hereby cancelled. License No. A-45 is reissued to Enel X North America, Inc., as License No. A-45A.

(2) Enel X North America, Inc., shall operate under License A-45A pursuant to the same terms and conditions as set forth in the Commission's Order Granting License issued in this docket on May 9, 2016.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

CASE NO. PUE-2016-00104
MARCH 12, 2019

APPLICATION OF
C4GT, LLC

For certification of an electric generating facility in Charles City County pursuant to § 56-580 D of the Code of Virginia

ORDER GRANTING EXTENSION

On September 14, 2016, C4GT, LLC ("C4GT") filed with the State Corporation Commission ("Commission") an application for a certificate of public convenience and necessity ("Certificate") to construct and operate a 1,060 megawatt generating facility in Charles City County, Virginia ("Facility").[1] C4GT filed its application pursuant to § 56-580 D of the Code of Virginia and the Commission's Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility.[2]

The Commission issued a Certificate to C4GT through its Final Order issued May 3, 2017. The Final Order granted the Certificate subject to certain findings and requirements, including the following Sunset Provision:

> As a requirement of our approval herein, we find that the authority granted by this Final Order shall expire two (2) years from the date hereof if construction of the Facility has not commenced, though C4GT subsequently may petition the Commission for an extension of this sunset provision for good cause shown.

As such, C4GT's Certificate expires May 3, 2019, if C4GT has not commenced construction of the Facility by that date.

On March 1, 2019, C4GT filed a Petition to Extend Sunset Provision ("Petition"). The Petition seeks approval of a two-year extension of the Sunset Provision such that the authority granted by the Final Order expires on May 3, 2021, or four, rather than two, years from the date of the Final Order, if C4GT has not commenced construction of the Facility by such date.

In support of its Petition, C4GT cites an unexpected change in the market for additional electric generating capacity that caused C4GT to delay construction of the Facility.[3] Notwithstanding, C4GT states that it has launched a comprehensive effort to finalize financing for the Facility, with a projected financial close or completion date expected by the latter part of 2019.[4] C4GT further represents that while it delayed construction of the Facility, C4GT believes the Facility is still viable and has proceeded with obtaining the approvals needed for the Facility.[5] C4GT asserts in support of its Petition that the relief requested therein – a total sunset provision of four years from the date of the Final Order – also is consistent with recent Commission orders that have granted approval and certificates of public convenience and necessity to build and operate electric generating facilities subject to five-year sunset provisions.[6]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that this case should be re-opened, for the limited purpose of addressing the Petition, and C4GT's Petition should be granted. The Sunset Provision of the Commission's May 3, 2017 Final Order in this proceeding is revised as follows:

Sunset Provision

> As a requirement of our approval herein, we find that the authority granted by this Final Order shall expire May 3, 2021, if construction of the Facility has not commenced, though C4GT subsequently may petition the Commission for an extension of this sunset provision for good cause shown.

Accordingly, IT IS ORDERED THAT:

(1) This case is re-opened for the limited purpose of addressing C4GT's Petition.

(2) C4GT's Petition is granted. The Sunset Provision of the Commission's May 3, 2017 Final Order in this proceeding is revised as set forth herein.

(3) The Commission's May 3, 2017 Final Order in all other respects shall remain the same.

(4) This case is dismissed.

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[1] C4GT identifies 1,060 megawatts as the net nominal generating capacity of the proposed Facility at 95°F ambient temperature. Ex. 1 (Application) at 5.

[2] 20 VAC 5-302-10 *et seq.*

[3] Petition at 2-3, 7.

[4] *Id.* at 3.

[5] *Id.* at 3-6, 7.

[6] *Id.* at 6-7.

CASE NO. PUE-2016-00140
MAY 21, 2019

JOINT APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY, ANGD, LLC,
UTILITY PIPELINE HOLDING COMPANY, LLC and UTILITY PIPELINE, LTD.

For approval to Refinance Long-Term Debt under Chapters 3 and 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On December 5, 2016, Appalachian Natural Gas Distribution Company ("Distribution"); ANGD, LLC, a Virginia limited liability company; Utility Pipeline, Ltd. ("UPL"), an Ohio limited liability company; and Utility Pipeline Holding Company, LLC ("UPLHC"), a Delaware limited liability company (collectively, "Applicants"), pursuant to Chapter 3[1] and Chapter 4[2] of Title 56 of the Code of Virginia ("Code"), filed a joint application ("Joint Application") with the State Corporation Commission ("Commission") for authority to refinance long-term debt.

On February 24, 2017, the Commission entered its Order Granting Authority, which among other things, authorized Distribution to refinance the outstanding balance of its existing Clinch River Project ("CRP") debt with UPL in the form of a new CRP note in the manner, for the purposes, and under the terms and conditions, set forth in the Joint Application.

In the Joint Application, the Applicants stated that the terms of the bond relating to the CRP were to remain unchanged other than UPLHC being the new guarantor and a new bank issuing the debt. During Commission Staff's ("Staff") review of Distribution's current base rate case,[3] it was discovered that the CRP note was refinanced at a rate higher than was authorized in this docket.

On April 19, 2019, the Applicants filed a joint Request for Modification of Borrowing Authority ("Motion") with the State Corporation Commission. In support of the Motion, the Applicants' state that Distribution has discovered that the interest rate currently being charged on the CRP note exceeds the interest rate approved in the Commission's Order Granting Authority in this docket.[4] The Applicants state that the refinancing of the CRP note was not consistent with the Applicants' understanding of the refinancing at that time, but that the transaction satisfies the requirements of Chapters 3 and 4 of Title 56 of the Code and is in the public interest.[5]

On May 2, 2019, Staff filed its Response to the Motion ("Response") and an attached Staff Action Brief, which included Staff's analysis and recommendations regarding the Motion. Staff noted that this debt has already been issued and therefore will not have an impact on Distribution's debt ratios.[6] Staff stated that the CRP note and requested modification of authority appear to be in the public interest and recommended approval of the Motion.[7]

NOW THE COMMISSION, upon consideration of the Motion and having been advised by its Staff, is of the opinion and finds that the Motion meets the requirements of Chapters 3 and 4 of Title 56 of the Code, and should be approved.

Accordingly, IT IS ORDERED THAT:

(1) The Applicants' Motion is granted.

(2) This matter shall be continued subject to the continuing review, audit, and appropriate directive of the Commission.

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[1] Code § 56-55 *et seq.*

[2] Code § 56-76 *et seq.*

[3] Joint Application at 5, 7. *See also Application of Appalachian Natural Gas Distribution Company, For a general increase in rates*, Case No. PUR 2018-00015, Doc. Con. Cen. No. 180840081, Application (Aug. 1, 2018).

[4] Motion at 1.

[5] *Id.*at 5.

[6] Staff Action Brief at 1.

[7] In its Response, Staff stated that the Commission may want to take notice of possible violations of Chapters 3 and 4 of Title 56 of the Code.

CASE NO. PUR-2017-00022
JUNE 28, 2019

APPLICATION OF
VIRGINIA NATURAL GAS, INC., and PIVOTAL PROPANE OF VIRGINIA, INC.

To amend easement agreement and for interim authority on an expedited basis

ORDER GRANTING INTERIM APPROVAL

On June 25, 2019, Virginia Natural Gas, Inc. ("VNG"), and Pivotal Propane of Virginia, Inc. ("Pivotal") (collectively, "Applicants"), filed an application ("Application")[1] with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")[2] to request approval of a third amendment ("Third Amendment") to a temporary construction easement agreement ("Easement Agreement"), which allows VNG to move, stage, and store certain equipment, facilities and other personal property on certain real property owned by Pivotal ("Pivotal Property").[3] The Applicants also request interim authority, on an expedited basis, to operate under the Third Amendment until such time as the Commission has the opportunity to act on the instant Application.[4]

On April 12, 2017, the Commission initially approved the Easement Agreement.[5] On October 26, 2018, the Commission approved an amendment extending the term of the Easement Agreement for three months to March 31, 2019.[6] On March 21, 2019, the Commission approved a second amendment extending the term of the Easement Agreement for three months to June 30, 2019.[7]

Pursuant to the proposed Third Amendment, the Applicants seek approval to extend the term of the Easement Agreement until April 25, 2025.[8] The Applicants represent that the initial use of the Pivotal Property was to store materials and equipment used in the construction of the Southside Connector Distribution Project ("Southside Project").[9] The Southside Project is primarily complete, but some excess equipment and restoration work remains at the site.[10] The Applicants plan to use some of the excess equipment for a nearby pipeline replacement project, the Wellman Tunnel Project, and hope to utilize or gradually sell off the remainder.[11] VNG also is considering the possibility of using the Pivotal Property to store equipment for use on other nearby future projects.[12]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this case shall be reopened for the sole purpose of ruling on the Amendment and interim authority requested therewith; the Applicants' request for interim authority to continue operating under the Easement Agreement, pending a final order on the instant Application, should be granted and the case continued; and all other requirements established in the Commission's prior Orders in this case,[13] shall remain in effect.

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[1] *Application of Virginia Natural Gas, Inc., and Pivotal Propane of Virginia, Inc., for approval to enter into a temporary construction easement agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00022, Doc. Con. Ctr. No. 190630132 (June 26, 2019).

[2] § 56-76 *et seq*.

[3] Application at 1.

[4] *Id.*

[5] *Application of Virginia Natural Gas, Inc., and Pivotal Propane of Virginia, Inc., for approval to enter into a temporary construction easement agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00022, 2017 S.C.C. Ann. Rpt. 460, Order Granting Approval (Apr. 12, 2017).

[6] *Application of Virginia Natural Gas, Inc., and Pivotal Propane of Virginia, Inc., for approval to enter into a temporary construction easement agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00022, Doc. Con. Ctr. No. 181050340, Order Granting Amendment (Oct. 26, 2018).

[7] *Application of Virginia Natural Gas, Inc., and Pivotal Propane of Virginia, Inc., for approval to enter into a temporary construction easement agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00022, Doc. Con. Ctr. No. 190340113, Order Granting Amendment (Mar. 21, 2019).

[8] *Application* at 1.

[9] *Id*. at 4.

[10] *Id.*

[11] *Id*. at 5.

[12] *Id*. at 5.

[13] *Application of Virginia Natural Gas, Inc., and Pivotal Propane of Virginia, Inc., for approval to enter into a temporary construction easement agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00022, 2017 S.C.C. Ann. Rpt. 460, Order Granting Approval (Apr. 12, 2017); *Application of Virginia Natural Gas, Inc., and Pivotal Propane of Virginia, Inc., for approval to enter into a temporary construction easement agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00022, Doc. Con. Ctr. No. 181050340, Order Granting Amendment (Oct. 26, 2018); and *Application of Virginia Natural Gas, Inc., and Pivotal Propane of Virginia, Inc., for approval to enter into a temporary construction easement agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00022, Doc. Con. Ctr. No. 190340113, Order Granting Amendment (Mar. 21, 2019).

Accordingly, it is ORDERED THAT:

(1) This case is hereby re-opened for the limited purpose of considering the Company's Third Amendment request and docketed, assigned Case No. PUR-2017-00022.

(2) The Applicants are hereby granted interim authority to continue operating under the Easement Agreement pending a final order of the Commission.

(3) All other requirements established in the Commission's prior Orders in this case, shall remain in effect.

(4) This case is continued generally pending further order of the Commission.

CASE NO. PUR-2017-00022
AUGUST 8, 2019

APPLICATION OF
VIRGINIA NATURAL GAS, INC., and PIVOTAL PROPANE OF VIRGINIA, INC.

To amend easement agreement and for interim authority on an expedited basis

ORDER GRANTING APPROVAL

On June 25, 2019, Virginia Natural Gas, Inc. ("VNG" or "Company"), and Pivotal Propane of Virginia, Inc. ("PPOV") (collectively, "Applicants"), filed an application ("Application")[1] with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")[2] to request approval of a third amendment ("Third Amendment") to a temporary construction easement agreement ("Easement Agreement"), which allows VNG to move, stage, and store certain equipment, facilities, and other personal property on certain real property owned by PPOV.[3]

The Application states that the Easement Agreement has facilitated the Company's project of installing approximately 8.4 miles of additional natural gas pipeline from Salter Street in Norfolk, Virginia, to Bainbridge Boulevard and South Military Highway in Chesapeake, Virginia ("Southside Connector Distribution Project" or "SCDP"), which is primarily complete. However, the Company states that some personnel and equipment are still needed to be located at the site to finalize the SCDP. The Application further states that the PPOV property is roughly one and half miles away from the end of the proposed pipeline route of SCDP, and thus, an ideal location for the Company to move, stage, and store equipment for the construction of SCDP.

The Applicants represent that approximately 2,000 feet of extra pipeline and 90 steel fittings remain stored on the PPOV property. The Company states that it plans to use the extra pipeline for its Wellman Tunnel Project ("Tunnel Project"). The Company asserts that the PPOV property is in close proximity to the Tunnel Project and provides convenient access for storing and staging the pipe for the project. The Company also indicated that it anticipates selling any excess inventory, which will be credited against the Tunnel Project for which the equipment was originally purchased.

The Applicants request authority to extend the Third Amendment to April 25, 2025, as the date aligns with the expiration of the recently approved propane sales agreement between PPOV and VNG.[4] As stated in the Application and further discussed in an informal data request response, the Company represents that the easement property provides an advantageous location for the Company that can be used for current and future staging and storing activities without incremental impact to ratepayers.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Applicants' request to enter into the Third Amendment of the Easement Agreement is in the public interest and should be approved subject to certain requirements listed in the Appendix attached to this Order; the duration for approval of the Easement Agreement shall be extended until and including April 25, 2025; and all other requirements established in the Commission's April 12, 2017 Order Granting Approval in this docket as well as the Commission's October 26, 2018 Order granting the first extension and the Commission's March 21, 2019 Order granting second extension, shall remain in effect.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-76 of the Code, the Applicants are hereby granted approval of the Third Amendment of the Easement Agreement, subject to the requirements set forth in the Appendix attached to this Order.

(2) This Third Amendment of the Easement Agreement shall be extended to and include April 25, 2025.

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[1] *Application of Virginia Natural Gas, Inc., and Pivotal Propane of Virginia, Inc., For approval to enter into a temporary easement agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00022, Doc. Con. Cen. No. 190630132 (June 25, 2019).

[2] Code § 56-76 *et seq*.

[3] The Applicants simultaneously requested interim authority to operate under the Third Amendment. The Commission issued an order authorizing interim approval. See *Application of Virginia Natural Gas, Inc., and Pivotal Propane of Virginia, Inc., For approval to enter into a temporary construction easement agreement under Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUR-2017-00022, Order Granting Interim Approval, Doc. Con. Ctr. No. 190640094 (June 28, 2019).

[4] *Application of Virginia Natural Gas, Inc., and Pivotal Propane of Virginia, Inc., to Continue Approved Propane Sales Agreement*, Case No. PUR-2019-00068, Doc. Con. Cen. No. 190740018, Order Granting Approval (July 22, 2019).

(3) All other requirements established in the Commission's April 12, 2017 Order Granting Approval in this docket, as well as the Commission's October 26, 2018 Order granting the first extension and the Commission's March 21, 2019 Order granting second extension, shall remain in effect.

(4) This case is dismissed.

APPENDIX

1. The duration of the Commission's approval of the Third Amendment to the Easement Agreement shall extend to April 25, 2025. Should the Applicants wish to continue or extend the Easement Agreement beyond that date, separate Commission approval shall be required.

2. The Commission's approval of the Third Amendment shall be limited to the specific purposes identified in the Application. Should VNG wish to use the easement property for purposes that are not specifically identified in the Third Amendment to the Easement Agreement, separate Commission approval shall be required.

3. The Commission's approval of the Transfer shall have no accounting or ratemaking implications.

4. The Commission's approval granted in this case shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq.*, as necessary hereafter.

5. The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

CASE NO. PUR-2017-00069
JANUARY 10, 2019

APPLICATION OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

For an increase in water and sewer rates

ORDER GRANTING RECONSIDERATION

On December 21, 2018, the State Corporation Commission ("Commission") issued a Final Order in this docket. On January 10, 2019, Great Eastern Resort Corporation, Great Eastern Resort Management, Inc., Great Eastern Waterpark, LLC, Great Eastern Purveyors, Inc., Peak Construction Company, Inc., Woodstone Time-Share Owners Association, Shenandoah Villas Owners Association, The Summit at Massanutten Owners Association, Regal Vistas at Massanutten Owners Association, and Eagle Trace Owners Association filed a Petition for Reconsideration.

NOW THE COMMISSION, upon consideration hereof, grants reconsideration for the purpose of continuing jurisdiction over this matter and considering the Petition for Reconsideration. The Final Order is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the Petition for Reconsideration.

(2) Pending the Commission's reconsideration, the Final Order is suspended.

(3) This matter is continued generally.

CASE NO. PUR-2017-00069
MARCH 6, 2019

APPLICATION OF
MASSANUTTEN PUBLIC SERVICE CORPORATION

For an increase in water and sewer rates

ORDER ON RECONSIDERATION AND OPINION

On December 21, 2018, the State Corporation Commission ("Commission") issued a Final Order in this case, wherein Massanutten Public Service Corporation ("Massanutten" or "Company") applied for an increase in its water and sewer rates.

On January 10, 2019, Great Eastern Resort Corporation, Great Eastern Resort Management, Inc., Great Eastern Waterpark, LLC, Great Eastern Purveyors, Inc., Peak Construction Company, Inc., Woodstone Time-Share Owners Association, Shenandoah Villas Owners Association, The Summit at Massanutten Owners Association, Regal Vistas at Massanutten Owners Association, and Eagle Trace Owners Association (collectively, "Resort Customers") filed a Petition for Reconsideration ("Petition").

On January 10, 2019, the Commission issued an Order Granting Reconsideration, which suspended the Final Order and granted reconsideration for the purpose of continuing jurisdiction over this matter and considering the Petition.

On January 11, 2019, the Commission issued an Order Directing Additional Pleadings, which permitted the formal participants in this case (Massanutten, Resort Customers, and Commission Staff ("Staff")) to file additional pleadings.

On January 17, 2019, Resort Customers filed a Notice of Appeal[1] from the Final Order.

On January 22, 2019, responses to the Petition were filed by Massanutten and Staff.

On January 29, 2019, Resort Customers filed a Reply ("Reply") and a Motion to Strike comments submitted on January 21 and 22, 2019, by the Massanutten Property Owners Association ("MPOA").[2]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.[3]

Revenue Allocation

In the Final Order, the Commission approved a revenue allocation that moves customer classes 50% to parity for class rates of return on equity ("ROE").[4] Resort Customers "urge[]" the Commission to reconsider this finding and to require a revenue allocation that *immediately* moves customer classes to 100% parity.[5] The Commission denies this request.

The Company's 2014 rate case resulted in class ROEs ranging from -5.87% for the Residential class, to 28.18% for the Waterpark class.[6] We find that it is reasonable to move classes toward parity in the instant case. That is why the revenue allocation approved herein significantly increases the ROE for the Residential class to approximately 4.57%.[7] In addition, the percentage revenue increase for the Residential class is 50% *greater* than that of any other class, with the Waterpark class realizing a rate decrease.[8] There were conflicting opinions in this case as to how far and how fast classes should be moved to parity.[9] In this instance, we agree with Staff Witness Tufaro that while the classes should be moved toward parity, the Residential class should not be increased to full parity immediately.[10] We find the graduated result in this case represents a reasonable step that, among other things, helps avoid rate shock, promotes rate stability, increases fairness among classes, and effectively yields the approved revenue requirements.[11]

Resort Customers, however, argue that the class allocation approved herein is "unjust and unreasonable *on its face*" because "Residential rates will produce an ROE which is far below the range that the Commission has determined to be reasonable, while all of the classes will pay rates that produce ROEs well above the approved range."[12] We disagree with this conclusion. Resort Customers' assertion also is not supported by Virginia law. Indeed, Resort Customers provide no legal support or citation, statutory or otherwise, for this argument. Further, while Resort Customers ask this Commission to conclude that the class ROEs are unreasonable "on their face," they fail to cite Virginia case law that expressly rejects such a *per se* conclusion based on costs.

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[1] Under Code of Virginia § 12.1-39, the Commission also hereby "file[s] in the record of the case a statement of the reasons upon which the action appealed from was based."

[2] The Order Directing Additional Pleadings did not permit public comments on the Petition, and the Commission has not considered MPOA's January 21 and 22, 2019 comments on reconsideration herein.

[3] The Commission has considered the entire record in reaching its findings herein. *See Board of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 454 n.10 (2016) ("We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence of record.") (citation omitted).

[4] Final Order at 5-6.

[5] Petition at 3.

[6] *See, e.g.,* Ex. 12 (ROE Table).

[7] *See, e.g.,* Hearing Examiner's Report, Attachment 3 at 3.

[8] *See, e.g., id.,* Attachment 3 at 5; Ex. 4 (Application), Schedule 50.

[9] *See, e.g., City of Alexandria v. State Corp. Comm'n*, 296 Va. 79, 102 (2018) ("'The Commission [is] entitled to interpret [the] conflicting evidence and to decide the weight to afford it.'") (quoting *Board of Supervisors of Loudoun Cty. v. State Corp. Comm'n*, 292 Va. 444, 458 (2016)).

[10] *See, e.g.,* Ex. 27 (Tufaro) at 5-8.

[11] The Company describes the instant result "as a thoughtful, first-step towards parity." Massanutten Response at 4.

[12] Petition at 2 (emphasis added). In their reply, Resort Customers repeat their conclusion that "[c]lass rates producing such ROEs are unjust and unreasonable *on their face*…." Reply at 2 (emphasis added).

Specifically, the Supreme Court of Virginia has explained that after the Commission determines a utility's approved revenue requirement and ROE, "'the Commission exercises primarily an administrative duty in deciding where, how, and from what source or sources the increased revenue awarded is to be obtained.'"[13] Moreover, "the determination of the sources from which increased revenues are to be derived is peculiarly a responsibility of the Commission."[14] Contrary to Resort Customers' assertion, the Supreme Court of Virginia has held that cost factors alone do not make a revenue allocation unjust and unreasonable *on its face*: "We have held, however, that cost is *only one* of the factors to be considered in allocating rate increases and that cost is *not always a critical factor*…."[15]

Furthermore, "'[i]mplicit in this approved method of setting rates is the conclusion that *non-cost factors* may be considered by the Commission and unequal increases in rates for various classes of services may be granted to accomplish legitimate regulatory objectives.'"[16] As noted above, this is what the Commission has done in approving a graduated 50% move toward rate class parity.

Finally in this regard, Resort Customers also appear to violate the prohibition against approbation and reprobation.[17] Earlier in this litigation, Resort Customers proposed for Commission approval a revenue allocation resulting in the following ROEs: total Company, 7.7%; Residential, -0.33%; Commercial, 19.03%; Hospitality, 9.82%; and Waterpark, 13.86%.[18] Resort Customers now claim, however, that the Commission-approved class ROEs, which are *less* widespread and closer to parity than Resort Customers' prior proposal, are unjust and unreasonable "on their face." Thus, this new position is inconsistent with, and mutually contradicts, the prior position on class ROEs taken by Resort Customers within the course of the instant litigation.[19]

Normalized Regulatory Expense

In the Final Order, the Commission found that it was reasonable to include a normalized level of regulatory expense of $277,079 in the Company's annual revenue requirement.[20] Specifically, this represents a level of regulatory expense, normalized over five years, that reflects: (i) five years of regulatory costs (2013-2017); and (ii) the legal costs of the Potomac Riverkeeper Suit.[21] Resort Customers argue that this finding is "inconsistent" with the Stipulation approved by the Commission in the Company's 2014 rate case.[22]

Specifically, the portion of such Stipulation relied upon by Resort Customers states as follows:

> The Company agrees that it will not treat tank painting or rate case costs as regulatory assets for ratemaking purposes, but it can defer and amortize tank painting costs over 8 years on the Company's books and it can defer and amortize rate case costs over 5 years on the Company's books.[23]

This language from the Stipulation does not preclude the result found reasonable herein by the Commission. Using the language above, the Final Order did "not treat . . . rate case costs as regulatory assets for ratemaking purposes." Specifically, the Commission has not treated the Company's rate case costs as a *regulatory asset* in the instant proceeding.

In addition, no party contests that the Commission should determine in this proceeding a reasonable amount of rate case expense to include in the Company's annual revenue requirement. In this regard, and as explained in the Final Order, the above Stipulation "does not preclude the Commission from reflecting a reasonable amount of normalized regulatory expense in the Company's annual revenue requirement for purpose of the instant proceeding."[24]

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[13] *City of Alexandria*, 296 Va. at 95 (quoting *Anheuser-Busch Cos. v. Virginia Nat. Gas, Inc.*, 244 Va. 44, 47 (1992)).

[14] *Apartment House Council of Metropolitan Washington, Inc. v. Potomac Elec. Power Co.*, 215 Va. 291, 294 (1974) (citing *Norfolk v. Chesapeake, etc., Tel. Co.*, 192 Va. 292, 320 (1951)).

[15] *Westvaco Corp. v. Columbia Gas of Virginia, Inc.*, 230 Va. 451, 454 (1986) (emphasis added).

[16] *Anheuser-Busch Cos.*, 244 Va. at 47 (emphasis added) (quoting *Secretary of Defense v. C and P Tel. Co.*, 217 Va. 149, 152 (1976)). Indeed, that is why the Supreme Court of Virginia has further explained that, "[a]s we have just said, disproportionate increases in rates for various classes of services are not *per se* discriminatory…." *Secretary of Defense*, 217 Va. at 153.

[17] *See, e.g., Eilber v. Floor Care Specialists, Inc.*, 294 Va. 438, 442 (2017) (Under the prohibition against approbation and reprobation, "'a party is prohibited from assuming successive positions in an action or series of actions, regarding the same fact or state of facts, which are inconsistent with each other or are mutually contradictory.'") (quoting *Parson v. Carroll*, 272 Va. 560, 565 (2006) (citing *Bentley Funding Group, L.L.C. v. SK&R Group, L.L.C.*, 269 Va. 315, 325 (2005))); *Board of Supervisors of Loudoun County*, 292 Va. at 455 n.11 ("Under approbate-reprobate principles, as we recently explained, 'a litigant may not take successive positions in the course of litigation that are either inconsistent with each other or mutually contradictory.'") (internal quotation marks omitted) (quoting *Babcock & Wilcox Co. v. Areva NP, Inc.*, 292 Va. 165, 204 (2016) (quoting *Lewis v. City of Alexandria*, 287 Va. 474, 480 (2014))).

[18] *See, e.g.*, Hearing Examiner's Report at 44; Ex. 12 (ROE Table).

[19] Resort Customers also contend that, unlike the Commission-approved class ROEs, Resort Customers' previously-proposed class ROEs were not unreasonable *on their face* because they needed to be considered in conjunction "with other proposals offered by the Resort [Customers]." Reply at 2. This argument, however, appears to deepen the approbation and reprobation herein. That is, according to Resort Customers, *other factors* may be considered in conjunction with their proposed class ROEs, but not with those approved by the Commission.

[20] Final Order at 5.

[21] *Id*.

[22] Petition at 3; Reply at 3.

[23] *See* Petition at 4; Reply at 3.

[24] Final Order at 5.

Resort Customers, however, argue that if normalized rate case costs are included in the annual revenue requirement, then the Commission has "retroactively revise[d]" the above Stipulation.[25] We disagree. The Commission has not re-written the above Stipulation but, rather, has exercised its statutory discretion on a matter not precluded by that Stipulation.

That is, there is nothing in the above Stipulation that prohibits the Commission from exercising its discretion to determine a reasonable amount of normalized rate case costs for purposes of the Company's annual revenue requirement. The Commission explicitly exercised that discretion "[b]ased on the specific, unique circumstances attendant to the Company and the facts of this case."[26] Moreover, Massanutten presented evidence and argument throughout this case to support a finding that prior rate case expenses used in calculating a five-year normalization of such costs were reasonably incurred.[27]

In sum, the annual rate case expense included in the Company's revenue requirement is not prohibited by the plain language of the above Stipulation and is supported by the record.

Ordering Paragraph (1)

Resort Customers correctly note that Ordering Paragraph (1) of the Final Order inadvertently transposes the approved revenue requirements for water service and wastewater service.[28]

Accordingly, IT IS ORDERED THAT:

(1) The Final Order is modified as follows:

- (a) Ordering Paragraph (1) is corrected to state: "An overall annual revenue requirement increase of $573,239 for wastewater service, and a decrease of $129,080 for water service, for a net annual increase of $444,159 is hereby approved."
- (b) The refunds required by Ordering Paragraph (4) shall be completed on or before June 3, 2019.
- (c) The report required by Ordering Paragraph (10) shall be submitted on or before July 3, 2019.

(2) Resort Customers' Motion to Strike is granted.

(3) The Final Order is no longer suspended.

(4) This case is dismissed.

Commissioner West did not participate in this matter.

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[25] *See* Reply at 3.

[26] Final Order at 5.

[27] *See, e.g.,* Massanutten Response at 5, 7; Ex. 28 (Lubertozzi).

[28] Petition at 4.

CASE NO. PUR-2017-00157
FEBRUARY 6, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of 100 percent renewable energy tariffs for residential and non-residential customers pursuant to §§ 56-577 A 5 and 56-234 of the Code of Virginia

ORDER DISMISSING CASE

On November 17, 2017, Virginia Electric and Power Company ("Dominion" or "Company"), pursuant to §§ 56-234 and 56-577 A 5 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an application ("Application") seeking approval of two renewable energy tariffs, designated Continuous Renewable Generation (Subscription) Rate Schedules (collectively, "CRG-S Rate Schedules"), whereby, according to the Company, new and existing residential and non-residential customers with peak demand of less than one megawatt in the most recent twelve-month billing period could voluntarily elect to purchase 100 percent of their energy needs from renewable energy resources.[1]

On December 19, 2017, the Commission issued an Order for Notice and Hearing in this proceeding that, among other things, docketed the Application, scheduled a public hearing on the Application, required Dominion to publish notice of its Application, gave interested persons the opportunity to comment on, or participate in, the case, and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission.

Notices of participation were filed by Direct Energy Services, LLC, Appalachian Voices, Wal-Mart Stores East, LP, and Sam's East, Inc., Culpeper County, Virginia, and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

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[1] Ex. 2 (Application) at 1, 4.

Public hearings were convened on April 17, 2018, and September 18, 2018. On December 14, 2018, the Hearing Examiner issued his report ("Report"). The Report recommends that the Commission approve the CRG-S Rate Schedules, subject to the findings and recommendations contained in the Report.

On January 9, 2019, Dominion filed a Motion to Withdraw Application and Request to Stay Comment Period ("Motion to Withdraw"). In its Motion to Withdraw, Dominion states that on January 7, 2019, the Commission approved a voluntary renewable energy tariff filed by Appalachian Power Company pursuant to Code § 56-577 A 5 in Case No. PUR-2017-00179,[2] which contained guidance to inform the evaluation of utility-offered 100 percent renewable energy tariffs under Code § 56-577 A 5.[3] Based on this guidance, Dominion asserts it desires to withdraw its pending Application, and moves the Commission for leave to do so. The Company further states that it intends to file a new application under Code § 56-577 A 5.[4]

Consumer Counsel filed a response taking no position on the Motion to Withdraw. No other responses to the Motion to Withdraw were filed.

NOW THE COMMISSION, upon consideration of this matter, finds that Dominion's Motion to Withdraw shall be granted.

Accordingly, IT IS SO ORDERED, and this matter is dismissed.

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[2] *Application of Appalachian Power Company, For approval of a 100% renewable energy rider pursuant to § 56-577 A 5 of the Code of Virginia*, Case No. PUR-2017-00179, Doc. Con. Cen. No. 190110100, Order Approving Tariff (Jan. 7, 2019).

[3] Motion to Withdraw at 1.

[4] *Id.* Dominion further requested that the Commission stay the comment period on the Report until the Commission rules on the Motion to Withdraw. *Id.* at 2. By Order issued January 10, 2019, the Commission stayed the period for filing comments on the Report, pending the Commission's further consideration of the Motion to Withdraw.

CASE NO. PUR-2017-00173
FEBRUARY 25, 2019

PETITION OF
WAL-MART STORES EAST, LP and SAM'S EAST, INC. CASE NO. PUR-2017-00174

For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia

PETITION OF
WAL-MART STORES EAST, LP and SAM'S EAST, INC. CASE NO. PUR-2017-00173

For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia

FINAL ORDER

On December 18, 2017, Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Walmart"), filed with the State Corporation Commission ("Commission") a Petition in each of the above-referenced dockets (collectively, "Petitions") seeking permission to aggregate or combine the demands of certain nonresidential customers of electric energy pursuant to Code § 56-577(A)(4).

In Case No. PUR-2017-00173, Walmart requests authority to aggregate the demands of 120 nonresidential retail customers located in the territory where Virginia Electric and Power Company ("Dominion") is certificated to provide retail electric service.

In Case No. PUR-2017-00174, Walmart requests authority to aggregate the demands of 44 nonresidential retail customers located in the territory where Appalachian Power Company ("Appalachian") is certificated to provide retail electric service.

The Commission issued an Order for Notice and Comment in each proceeding (collectively, "Notice Orders"). The Notice Orders, among other things, docketed the Petitions; ordered Walmart to serve the Notice Orders on appropriate persons; directed the Commission's Staff ("Staff") to investigate each Petition and prepare a report in each docket ("Staff Report"); and provided an opportunity for interested persons to comment or request a hearing on the Petitions.

Notices of participation were filed by Direct Energy Services, LLC ("Direct Energy"), MP2 Energy NE LLC ("MP2"), Calpine Energy Solutions LLC ("Calpine"), Appalachian, and Dominion.

In Case No. PUR-2017-00173, Calpine, Direct Energy, MP2, and Dominion filed comments on March 1, 2018, and Staff filed a Staff Report on March 29, 2018. Responses to the Staff Report were filed by Walmart, Dominion, Calpine, MP2, and Direct Energy on April 13, 2018.

In Case No. PUR-2017-00174, Calpine, Direct Energy, MP2, and Appalachian filed comments on March 15, 2018, and Staff filed a Staff Report on April 13, 2018. Responses to the Staff Report were filed by Walmart, Appalachian, Calpine, MP2, and Direct Energy on April 30, 2018.[1]

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[1] Comments were also filed by Virginia's Electric Cooperatives in Case No. PUR-2017-00174 on April 30, 2018, and were accepted by Commission Order dated June 15, 2018.

On June 15, 2018, the Commission issued an Order in both dockets scheduling oral argument to address certain legal issues.

On July 10, 2018, the Commission received oral argument as scheduled.

On July 12, 2018, the Commission issued an Order Scheduling Additional Proceedings ("July 12, 2018 Order") in both dockets. In its July 12, 2018 Order, the Commission provided an opportunity for Walmart and the other participants in this case to file testimony; scheduled a public hearing; appointed a Hearing Examiner to conduct the additional proceedings set forth in the July 12, 2018 Order; and directed the Hearing Examiner to file a report that addresses the facts presented in these additional proceedings and provides recommendations on any contested issues of fact ("Report").

Walmart, Appalachian, Dominion, and Staff filed testimony in these matters. Public evidentiary hearings were convened on September 5, 2018, and on October 30, 2018. Counsel for Walmart, Appalachian, Dominion, Direct Energy, Calpine, MP2, and Staff appeared at both hearings.[2]

On January 11, 2019, the Chief Hearing Examiner issued his Report.

On February 1, 2019, Walmart, Appalachian, Dominion, Direct Energy, Calpine, MP2, and Staff filed comments on the Report.

NOW THE COMMISSION, upon consideration of these matters, is of the opinion and finds that the Petitions are denied.

As noted above, this Final Order addresses the two Petitions filed by Walmart under Code § 56-577(A)(4) to aggregate the demand of its retail facilities located in Appalachian's and Dominion's certificated service territories and, thereby, to receive Commission approval to switch its supplier of electric power from Appalachian or Dominion to a third-party competitive service provider ("CSP"). The Commission's analysis necessarily begins with the statutory language granting it the authority to act in this matter. Code § 56-577(A)(4) states in full (emphases added):

> 4. After the expiration or termination of capped rates, two or more individual nonresidential retail customers of electric energy within the Commonwealth, whose individual demand during the most recent calendar year did not exceed five megawatts, may petition the Commission for permission to aggregate or combine their demands, for the purpose of meeting the demand limitations of subdivision 3, so as to become qualified to purchase electric energy from any supplier of electric energy licensed to sell retail electric energy within the Commonwealth under the conditions specified in subdivision 3. The Commission *may*, after notice and opportunity for hearing, approve such petition if it finds that:
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> a. Neither such customers' *incumbent electric utility nor retail customers of such utility that do not choose to obtain electric energy from alternate suppliers will be adversely affected in a manner contrary to the public interest by granting such petition*. In making such determination, the Commission shall take into consideration, without limitation, the impact and effect of any and all other previously approved petitions of like type with respect to such incumbent electric utility; and
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> b. *Approval of such petition is consistent with the public interest*.
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> If such petition is approved, all customers whose load has been aggregated or combined shall thereafter be subject in all respects to the provisions of subdivision 3 and shall be treated as a single, individual customer for the purposes of said subdivision. In addition, the Commission shall impose reasonable periodic monitoring and reporting obligations on such customers to demonstrate that they continue, as a group, to meet the demand limitations of subdivision 3. If the Commission finds, after notice and opportunity for hearing, that such group of customers no longer meets the above demand limitations, the Commission may revoke its previous approval of the petition, or take such other actions as may be consistent with the public interest.

In contrast to the above statutory provisions, a related statutory provision, Code § 56-577(A)(3), unambiguously mandates retail choice for large customers having a demand greater than five megawatts. Such customers have the statutory right – without any notice to, or prior approval from, the Commission – to leave their incumbent utility and buy from a CSP. Thus, it is the public policy of the Commonwealth to allow these large customers to purchase their retail electric supply from the market if they so choose. Code § 56-577(A)(4) does not reflect this same public policy. The General Assembly has decided that for purposes of retail choice under Code § 56-577(A)(4), the public policy of the Commonwealth is for the Commission to make this decision in accordance with the criteria set forth therein.

In that regard, Code § 56-577(A)(4) – which we will call the "aggregated retail choice" provision – states that the Commission "may" permit aggregated retail choice if it makes two independent findings: (a) "[n]either such customers' incumbent electric utility nor retail customers of such utility that do not choose to obtain electric energy from alternate suppliers will be adversely affected in a manner contrary to the public interest by granting such petition"; and (b) "[a]pproval of such petition is consistent with the public interest." The General Assembly, however, did not define the factors for determining what is, or is not, "contrary to" or "consistent with" the public interest. Accordingly, the General Assembly has delegated to the Commission the broad discretion to determine the public interest for purposes of aggregated retail choice under Code § 56-577(A)(4).[3]

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[2] No public witnesses testified at either hearing. *See* Tr. 121-24 (Sep. 5, 2018); Tr. 136 (Oct. 30, 2018).

[3] *See, e.g., City of Alexandria v. State Corp. Comm'n*, 296 Va. 79, 100 (2018) ("When a statute delegates such authority to the Commission, we presume that any limitation on the Commission's discretionary authority by the General Assembly will be clearly expressed in the language of the statute.") (internal quotation marks and citation omitted).

In making this determination, a consideration of Virginia's history attendant to retail choice is appropriate. In 1999, the General Assembly passed and the Governor signed legislation to begin a process to restructure Virginia's electric utility regulatory system from its historical model of a state-regulated, vertically-integrated monopoly provider to a system in which the "wires" function (*i.e.*, transmission and distribution) would remain a monopoly but the power supply function would become "deregulated." Under that legislation, every retail customer of the utility, from the largest industrial to the smallest residential, could shop for a different supplier of electrical power.[4]

We will not recount the history of that experiment in retail choice, but in 2007 the General Assembly and the Governor made the policy decision to terminate the experiment and return to the model of a vertically-integrated monopoly provider of both the wires function as well as electricity supply.[5] This legislation, however, permitted the continuation of retail choice in three narrow and specifically identified cases. Two of those are mandatory (*i.e.*, the Commission has no discretion to approve or reject): (i) retail choice for large customers with a demand exceeding five megawatts;[6] and (ii) retail choice for 100% renewable energy if the same is not offered by the customer's utility.[7] The third is subject to the Commission's discretion and is at issue in the instant cases: retail choice for nonresidential customers that aggregate their demand to exceed five megawatts.[8] These provisions of law embody the policy decision the General Assembly and Governor made in 2007, and as we have previously recognized in implementing other statutory provisions, the Commission's job is not to create public policy but to carry out the statutes as they are written.[9] The General Assembly, of course, may amend this statute any time it chooses.

Applying the Commission's discretion granted under Code § 56-577(A)(4), we find that approval of either of Walmart's Petitions is *not* consistent with the public interest. Initially in this regard, we disagree with Walmart's claim that "[b]ecause Walmart seeks to do precisely what [Code § 56-577(A)(4)] authorizes it to do," its Petitions must be consistent with the public interest.[10] We likewise disagree with Walmart's additional assertion that if the Commission denies the Petitions, we "would render [Code § 56-577(A)(4)] meaningless."[11] These assertions by Walmart inject public policy determinations into the statute that the General Assembly simply did not include. Under the plain language of Code § 56-577(A)(4), the General Assembly created the possibility of aggregated retail choice, recognized that it may "adversely affect[]" the utility or non-shopping customers, and – unambiguously – granted the Commission the broad discretion to determine "public interest" for purposes of this statute. As directed, the Commission has fulfilled such obligation herein.

In analyzing whether remaining customers "will be adversely affected in a manner contrary to the public interest," the Commission will first consider whether such customers would be held harmless if the aggregated retail choice request is granted. The record establishes that remaining customers would *not* be held harmless if either of the Petitions is granted. For example, approval of aggregated retail choice for Walmart in Appalachian's service territory could shift approximately $4 million of costs to remaining customers over the next ten years.[12] For Dominion, aggregated retail choice for Walmart could shift up to $65 million of costs to remaining customers over that period.[13] As to bill impacts, granting the Petitions is estimated to increase residential customers' monthly bills by $0.05 and $0.13 for Appalachian and Dominion, respectively.[14]

Staff testified how the loss of Walmart's load would, for remaining customers, cause a net increase in rate adjustment clause ("RAC") rates and cause base rates to be higher than otherwise necessary.[15] Staff also explained how the loss of Walmart's load could result in lower earned returns for the utility, which would also be detrimental to non-shopping customers by decreasing the funds available for customer refunds or credits.[16] We also find that the

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[4] *See, e.g., Appalachian Power Co. v. State Corp. Comm'n,* 284 Va. 695, 699 (2012) ("In 1999, the General Assembly enacted the Virginia Electric Utility Restructuring Act, former Code §§ 56-576 *et seq.*, which was designed to deregulate parts of the electric utility industry and introduce competition among the providers of electric generation.") (citing 1999 Acts ch. 411; *Potomac Edison Co. v. State Corp. Comm'n*, 276 Va. 577, 580 (2008)).

[5] 2007 Va. Acts chs. 888, 933 ("Regulation Act"). *See, e.g., Old Dominion Comm. for Fair Util. Rates v. State Corp. Comm'n*, 294 Va. 168, 172 (2017) ("In 2007, the General Assembly ended the deregulation program effective December 2008, and … established a new regulatory regime.") (citations omitted).

[6] Code § 56-577(A)(3).

[7] Code § 56-577(A)(5).

[8] Code § 56-577(A)(4).

[9] *See, e.g., Application of Virginia Electric and Power Co., For revision of rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing February 1, 2019*, Case No. PUR-2018-00042, Doc. Con. Cen. No. 181220181, Final Order (Dec. 19, 2018); *Petition of the Old Dominion Comm. for Fair Util. Rates v. Appalachian Power Co., For a declaratory judgment and an order requiring biennial review filings*, Case No. PUE-2016-00010, 2016 S.C.C. Ann. Rept. 357, Final Order (July 1, 2016). *See also Old Dominion Comm. for Fair Util. Rates*, 294 Va. at 181 ("the legislature, not the judiciary, is the sole author of public policy") (internal quotation marks and citations omitted).

[10] Walmart's Comments on Report at 7 ("Because Walmart seeks to do precisely what [Code § 56-577(A)(4)] authorizes it to do, and because it is one of the first to seek the right to aggregate, its Petitions are consistent with the public interest that is inherent in [Code § 56-577(A)(4)]."). All citations to the record herein refer to both Case Nos. PUR-2017-00173 and PUR-2017-00174 unless otherwise noted.

[11] *Id*. at 8-9 ("Under these circumstances, were the Commission to deny the first Petition filed in [Appalachian's] territory and only the second Petition filed in Dominion's territory, it would render [Code § 56-577(A)(4)] meaningless.").

[12] *See, e.g.,* Walmart's Comments on Report at 3; Ex. 10 (Vaughan) at 10.

[13] *See, e.g.,* Ex. 27 (Pratt) at 7.

[14] *See, e.g.,* Report at 1, 30-31. These bill impacts are based on a residential customer using 1,000 kilowatt-hours ("kWh") per month. *Id.*

[15] *See, e.g.,* Ex. 23 (Carr) at 2-5.

[16] *Id.* at 3-5. Both Appalachian and Dominion explained how their utility would be adversely affected by granting the Petitions. *See, e.g.,* Appalachian's Comments on Report (Case No. PUR-2017-00174) at 3; Dominion's Comments on Report (Case No. PUR-2017-00173) at 19-21. As a result of the other findings herein, we need not decide whether such effects are contrary to the public interest.

potential for load growth does not alter our public interest determinations herein; the reallocation of costs among remaining customers occurs independent of whether load growth exists.[17] Moreover, as testified to herein, "[e]nvironmental compliance costs arising on pre-existing power plants, the possibility of plant write-downs, or write-offs due to changing regulations, legislative mandates for renewable development and continuing regulation of carbon at the federal and state level, among other items, have [the] ability to drive the need for cost recovery without regard to whether or not load growth exists."[18]

Next, having found that remaining customers would be adversely affected in this manner, the Commission must decide if such is contrary to the public interest. For this purpose, we have also considered and weighed the arguments and evidence presented in these proceedings in support of Walmart's requests. The Commission does not question the veracity of Walmart's assertions and respects the economic and business goals reflected in Walmart's requests herein. The Commission finds, however, that the harm to customers who do not (or cannot) switch to a CSP is contrary to the public interest.[19] Accordingly, in exercising the Commission's statutory discretion for purposes of aggregated retail choice, we find that granting either of the Petitions (a) will adversely affect, in a manner contrary to the public interest, customers not purchasing from alternate suppliers, and (b) is not consistent with the public interest.

In addition, the statute governing aggregated retail choice has existed since 2007. Walmart "believes that aggregation will enable it to procure energy at potentially lower costs"[20] and asserts that it "has provided ample evidence to establish that granting its Petitions creates the potential for cost savings."[21] In this regard, the Commission has indeed considered that since the passage of Code § 56-577(A)(4) over ten years ago, captive retail customers – including Walmart – have experienced a continued upward pressure on rates. As permitted by statute, Appalachian and Dominion have sought and received a series of rate increases over this period attributable to base rates, fuel rates, and new statutorily-created RACs.[22] For example, the Commission reported that since the enactment of Code § 56-577(A)(4) in 2007, residential customers of Appalachian and Dominion had seen *monthly* bill increases of approximately $48 (a 73% increase) and $26 (a 29% increase), respectively.[23]

Further, additional bill increases are expected as utilities incur new costs under the mandates of Senate Bill 966 ("SB 966") regarding, among other things, renewable generation, grid transformation, underground distribution, and energy efficiency spending.[24] Since its enactment less than a year ago, SB 966 is already leading to the first round of new utility expenditures that will be recovered from captive retail customers.[25] Senate Bill 966 is also expected to increase the upward pressure on Dominion's rates for residential and small business customers as a result of the cost shifting mandated therein.

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[17] *See, e.g.,* Dominion's Comments on Report (Case No. PUR-2017-00173) at 24. Appalachian's load is forecasted to decline; Dominion estimates its load growth at 1.4% annually. *See, e.g.,* Hearing Examiner's Report at 28.

[18] Ex. 13 (Morgan) at 13.

[19] As noted above, the vast majority of customers of both utilities have no ability to shop for solely lower prices, because the Code only provides large customers with demands exceeding five megawatts with such right. Code § 56-577(A)(3).

[20] Ex. 1 (Petition in Case No. PUR-2017-00173) at 5; Ex. 2 (Petition in Case No. PUR-2017-00174) at 5.

[21] Walmart's Comments on Report at 10. Walmart would also use aggregated retail choice to pursue renewable energy options, but only if those options "are cost effective." *Id*. at 12. The Commission emphasizes that its decision herein in no manner precludes Walmart from pursuing renewable energy alternatives permitted by other statutes and approved tariffs. Moreover, our decision herein does not limit the development of distributed energy resources, such as rooftop solar, as permitted by Virginia law.

[22] Citations to (and discussion of) orders approving such requests as required by law and their cumulative impacts on customers are included in the Commission's official 2017 Report to the Governor and General Assembly on incumbent electric utilities, which was mandated to be prepared every five years as part of the Regulation Act. *See Commonwealth of Virginia, State Corporation Commission, Report to the Governor and Members of the Virginia General Assembly Assessing the Rates and Terms and Conditions of Incumbent Electric Utilities in the Commonwealth Pursuant to the Seventh Enactment Clause of Chapter 933 (SB 1416) of the 2007 Acts of Assembly* (Nov. 1, 2017) ("2017 Commission Report") (www.scc.virginia.gov/comm/reports/utilreports.aspx). In addition, as required by Code § 56-596 B, the Commission prepares separate annual reports for the Governor and General Assembly on the implementation of the Regulation Act, which are also published at the above website. *See, e.g., Commonwealth of Virginia, State Corporation Commission, Reports to the Governor of the Commonwealth of Virginia, the Chairman of the Senate Committee on Commerce and Labor, the Chairman of the House Committee on Commerce and Labor, and the Commission on Electric Utility Regulation of the Virginia General Assembly, Combined Reports Including Status Report: Implementation of the Virginia Electric Utility Regulation Act Pursuant to § 56-596 B of the Code of Virginia* (Aug. 29, 2018) (www.scc.virginia.gov/comm/reports/utilreports.aspx); *Commonwealth of Virginia, State Corporation Commission, Reports to the Governor of the Commonwealth of Virginia, the Chairman of the Senate Committee on Commerce and Labor, the Chairman of the House Committee on Commerce and Labor, and the Commission on Electric Utility Regulation of the Virginia General Assembly, Combined Reports Including Status Report: Implementation of the Virginia Electric Utility Regulation Act Pursuant to § 56-596 B of the Code of Virginia* (Sept. 1, 2017) (www.scc.virginia.gov/comm/reports/utilreports.aspx).

[23] 2017 Commission Report at Appendix 1. These bill impacts are based on a residential customer using 1,000 kWh per month. *Id*.

[24] 2018 Va. Acts ch. 296. SB 966 was signed into law by the Governor on March 9, 2018.

[25] *See, e.g., Petition of Virginia Electric and Power Company, For a prudency determination with respect to the Coastal Virginia Offshore Wind Project pursuant to Virginia Code § 56-585.1:4 F*, Case No. PUR-2018-00121, Doc. Con. Cen No. 181110153, Final Order (Nov. 2, 2018) (renewable generation); *Petition of Virginia Electric and Power Company, For a prudency determination with respect to the Water Strider Solar Power Purchase Agreement pursuant to § 56-585.1:4 F of the Code of Virginia*, Case No. PUR-2018-00135, Doc. Con. Cen. No. 181110152, Final Order (Nov. 2, 2018) (renewable generation); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing February 1, 2019,* Case No. PUR-2018-00042, Doc. Con. Cen. No. 181220181, Final Order (Dec. 19, 2018) (underground distribution); *Petition of Virginia Electric and Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2018-00100, Doc Con. Cen. No. 190130074, Final Order (Jan. 17, 2019) (grid transformation); *Petition of Appalachian Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia,* Case No. PUR-2018-00198, Doc. Con. Cen. No. 1811230199, Petition (Dec. 14, 2018) (grid transformation).

Specifically, SB 966 mandates a 2% rate discount for Dominion's large manufacturing and commercial customers who enter into a minimum three-year contract,[26] which could reduce Dominion's annual revenues by up to $10 million; however, recovery of such costs will be shifted to other customers who are not eligible for the 2% rate cut, including all residential and many small business customers.[27]

Thus, in support of its requests for aggregated retail choice at this time, Walmart states that its "budgetary needs and costs are not aligned with the regulatory cadence of [Appalachian's and Dominion's] retail rates."[28] Walmart claims that denying its Petitions – and its ability to get lower rates by obtaining its power supply elsewhere – "is contrary to the legislative intent in favor of retail choice that is reflected in [Code § 56-577(A)(4)]."[29] Conversely, Appalachian and Dominion point to the General Assembly's intent, through the Regulation Act, to terminate the full retail choice model and retain retail choice in only specifically limited circumstances.[30] By so doing, the General Assembly and Governor have adopted a policy that maintains the vertically-integrated monopoly utility model for the vast majority of retail customers.

For purposes of implementing the instant statute, however, the legislative intent can be found in the actual words of Code § 56-577(A)(4).[31] Those words are not ambiguous, and the aggregated retail choice provisions therein are part of a "consistent and harmonious whole."[32] That is, as discussed above, unlike the other remaining retail choice options, the legislative intent of Code § 56-577(A)(4) is to delegate to the Commission the broad discretion to determine "public interest" for purposes of aggregated retail choice. If and when such requests are received, the Commission must exercise that discretion based on the circumstances existing at such time. That is what we have done here.[33]

If Walmart believes that the current statutory structure for setting vertically-integrated electric utility rates results in unreasonable or unnecessarily high rates, or that the public policy of Virginia should be to institute retail choice on a far more extensive scale than required under current law, its potential for recourse may be found through the legislative process.

In conclusion, given the context of a decade of rising rates and the likelihood of even higher rates in the future, we do not find it consistent with the public interest for captive customers who do not have the legal ability to obtain lower rates – predominantly residential and small business – to suffer from the cost-shifting identified herein by enabling a large-demand customer to seek its power supply elsewhere through aggregation.

Accordingly, IT IS SO ORDERED, and these matters are dismissed.

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[26] Enactment Clause 11 of 2018 Va. Acts ch. 296 ("Enactment Clause 11").

[27] *Application of Virginia Electric and Power Company, For approval to establish voluntary rate, designated Rider CRC, pursuant to § 56-234 B of the Code of Virginia,* Case No. PUR-2018-00133, Doc. Con. Cen. No. 190210259, Final Order (Feb. 8, 2019). Unlike the provisions of Code § 56-577(A)(4), Enactment Clause 11 does not delegate to the Commission the discretion to evaluate the public interest attendant to such rate discounts and the concomitant cost shifting. *See id*. at 12.

[28] Ex. 2 (Petition in Case No. PUR-2017-00174) at 5 n.11; Ex. 1 (Petition in Case No. PUR-2017-00173) at 5 n.13.

[29] Walmart's Comments on Report at 9.

[30] *See, e.g.* Appalachian's Comments on Report (Case No. PUR-2017-00174) at 9; Dominion's Comments on Report (Case No. PUR-2017-00173) at 8.

[31] *See, e.g., Palmer v. Atlantic Coast Pipeline, LLC*, 293 Va. 573, 577-78 (2017) ("In analyzing a statute, the Court's primary objective is to ascertain and give effect to legislative intent. … That intention is initially found in the words of the statute itself, and if those words are clear and unambiguous, we do not rely on rules of statutory construction.") (internal quotation marks and citations omitted).

[32] *See, e.g., Chaffins v. Atlantic Coast Pipeline, LLC*, 293 Va. 564, 568 (2017) ("However, consideration of the entire statute ... to place its terms in context to ascertain their plain meaning does not offend this rule because it is our duty to interpret the several parts of a statute as a consistent and harmonious whole so as to effectuate the legislative goal.") (internal quotation marks and citations omitted).

[33] We further note that our findings herein do not conflict with the Commission's approval of limited aggregated retail choice in Case No. PUR-2017-00109. *Petition of Reynolds Group Holdings Inc., For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia*, Case No. PUR-2017-00109, Doc. Con. Cen. No. 180230162, Final Order (Feb. 21, 2018). In that case, the Commission emphasized "that the result of this initial review is strictly limited to the instant case and does not establish specific rules for, or the eventual scope of, [aggregated retail choice]." *Petition of Reynolds Group Holdings Inc., For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia*, Case No. PUR-2017-00109, Doc. Con. Cen. No. 180540055, Opinion at 5-6 (May 16, 2018).

CASE NO. PUR-2017-00173
MARCH 15, 2019

PETITION OF
WAL-MART STORES EAST, LP and SAM'S EAST, INC. CASE NO. PUR-2017-00174

For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia

PETITION OF
WAL-MART STORES EAST, LP and SAM'S EAST, INC. CASE NO. PUR-2017-00173

For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia

ORDER GRANTING RECONSIDERATION

On February 25, 2019, the State Corporation Commission issued a Final Order in these dockets. On March 13, 2019, Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Walmart"), filed a Petition for Limited Rehearing or Reconsideration ("Petition") pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure.[1]

NOW THE COMMISSION, upon consideration of the Petition, grants reconsideration for the purpose of continuing jurisdiction over these proceedings and considering the above-referenced request. The Final Order is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted for the purpose of continuing jurisdiction over these proceedings and considering the above-referenced request.

(2) The Final Order is suspended.

(3) On or before April 5, 2019, any participant in these cases may file a response to the Petition.

(4) On or before April 19, 2019, Walmart may file a reply to the above response(s).

(5) These matters are continued generally.

[1] 5 VAC 5-20-10 *et seq.*

CASE NO. PUR-2017-00173
MAY 30, 2019

PETITION OF
WAL-MART STORES EAST, LP and SAM'S EAST, INC. CASE NO. PUR-2017-00174

For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia

PETITION OF
WAL-MART STORES EAST, LP and SAM'S EAST, INC. CASE NO. PUR-2017-00173

For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia

ORDER ON RECONSIDERATION

On February 25, 2019, the State Corporation Commission ("Commission") issued a Final Order in these dockets. On March 13, 2019, Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Walmart"), filed a Petition for Limited Rehearing or Reconsideration ("Petition for Reconsideration") pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure.[1] On March 15, 2019, the Commission issued an Order Granting Reconsideration, which suspended the Final Order and established a schedule for additional pleadings on the Petition for Reconsideration. Pursuant thereto, additional pleadings on the Petition for Reconsideration were filed by: Appalachian Power Company ("Appalachian"); Virginia Electric and Power Company ("Dominion"); Direct Energy Services, LLC; and Walmart.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Petition for Reconsideration is denied.

[1] 5 VAC 5-20-10 *et seq.*

These cases commenced upon the filing by Walmart of two petitions seeking to aggregate its demand so that it could leave its incumbent utilities and purchase electricity from a competitive service provider under Code § 56-577(A)(4). Specifically, Walmart expressly requested authority to aggregate the demands of: (i) 120 Walmart accounts located in Dominion's certificated service territory;[2] and (ii) 44 Walmart accounts located in Appalachian's certificated service territory.[3] After these specific requests were fully litigated, the Commission issued its Final Order denying the two originally-filed petitions pursuant to the Commission's delegated authority under Code § 56-577(A)(4).

In its Petition for Reconsideration, Walmart requests that the Commission: (1) "confirm whether aggregation of some lesser amount of load would satisfy the public interest requirements of [Code § 56-577(A)(4)]"; and (2) "authorize Walmart to aggregate and competitively shop such load."[4] This request is clearly different from the specific relief sought by Walmart in its original petitions.[5] The Commission herein exercises its discretion not to provide specific relief – on reconsideration – that was not requested by Walmart in the original petitions. Further in this regard, Walmart observes that the "Commission's Final Order appears to consider only Walmart's requests to aggregate *all* of its load in both the [Appalachian] and Dominion territories."[6] That is correct. The Final Order answers the specific relief sought by Walmart in its petitions initiating these cases.

Walmart, however, argues that the Commission should provide Walmart's newly requested relief on reconsideration because, while being cross-examined by Commission Staff during the evidentiary hearing, Walmart's witness stated that it "would aggregate a smaller amount of load if that was the only thing that was available."[7] This testimony obviously does not serve to amend Walmart's originally-filed petitions. Nor did Walmart seek to amend its petitions at any point during these proceedings to modify its requests for relief herein.[8]

Accordingly, IT IS ORDERED THAT:

(1) The Petition for Reconsideration is denied.

(2) The Final Order is no longer suspended.

(3) This case is dismissed.

Commissioner Patricia L. West did not participate in this matter.

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[2] *Petition of Walmart Stores East, LP and Sam's East, Inc., For Approval to Aggregate its Demand Pursuant to § 56-577 A 4 of the Code of Virginia Within Virginia Electric and Power Company's Service Territory,* Case No. PUR-2017-00173, Doc. Con. Cen. No. 171220085, Petition, Attachment A (December 15, 2017).

[3] *Petition of Walmart Stores East, LP and Sam's East, Inc., For Approval to Aggregate its Demand Pursuant to § 56-577 A 4 of the Code of Virginia Within Appalachian Power Company's Service Territory,* Case No. PUR-2017-00174, Doc. Con. Cen. No. 171220098, Petition, Attachment A (December 15, 2017).

[4] Petition for Reconsideration at 5.

[5] *See Petition of Walmart Stores East, LP and Sam's East, Inc., For Approval to Aggregate its Demand Pursuant to § 56-577 A 4 of the Code of Virginia Within Appalachian Power Company's Service Territory,* Case No. PUR-2017-00174, Doc. Con. Cen. No. 190410209, Response of Appalachian Power Company (April 5, 2019); *See also Petition of Walmart Stores East, LP and Sam's East, Inc., For Approval to Aggregate its Demand Pursuant to § 56-577 A 4 of the Code of Virginia Within Virginia Electric and Power Company's Service Territory,* Case No. PUR-2017-00173, Doc. Con. Cen. No. 190410213, Response of Virginia Electric and Power Company in Opposition to the Petition of Wal-Mart Stores East, LP and Sam's East, Inc. for Limited Rehearing or Reconsideration (April 5, 2019).

[6] *Petition of Walmart Stores East, LP and Sam's East, Inc., For Approval to Aggregate its Demand Pursuant to § 56-577 A 4 of the Code of Virginia Within Virginia Electric and Power Company's Service Territory,* Case Nos. PUR-2017-00173 and PUR-2017-00174, Doc. Con. Cen. No. 190420193 and 190420194, Reply in Support of Wal-Mart Stores East, LP and Sam's East, Inc.'s Petition for Limited Rehearing or Reconsideration, at 2 (Apr. 18, 2019) (emphasis added).

[7] *See, e.g., id.* at 1 and 3; Tr. 201-202.

[8] In addition, to the extent that Walmart's Petition for Reconsideration may be deemed a request to amend its original petitions, the Commission again exercises its discretion not to allow Walmart to amend the relief sought in the original petitions at the *conclusion* of this fully-litigated proceeding.

CASE NO. PUR-2017-00174
FEBRUARY 25, 2019

PETITION OF
WAL-MART STORES EAST, LP and SAM'S EAST, INC. CASE NO. PUR-2017-00174

For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia

PETITION OF
WAL-MART STORES EAST, LP and SAM'S EAST, INC. CASE NO. PUR-2017-00173

For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia

FINAL ORDER

On December 18, 2017, Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Walmart"), filed with the State Corporation Commission ("Commission") a Petition in each of the above-referenced dockets (collectively, "Petitions") seeking permission to aggregate or combine the demands of certain nonresidential customers of electric energy pursuant to Code § 56-577(A)(4).

In Case No. PUR-2017-00173, Walmart requests authority to aggregate the demands of 120 nonresidential retail customers located in the territory where Virginia Electric and Power Company ("Dominion") is certificated to provide retail electric service.

In Case No. PUR-2017-00174, Walmart requests authority to aggregate the demands of 44 nonresidential retail customers located in the territory where Appalachian Power Company ("Appalachian") is certificated to provide retail electric service.

The Commission issued an Order for Notice and Comment in each proceeding (collectively, "Notice Orders"). The Notice Orders, among other things, docketed the Petitions; ordered Walmart to serve the Notice Orders on appropriate persons; directed the Commission's Staff ("Staff") to investigate each Petition and prepare a report in each docket ("Staff Report"); and provided an opportunity for interested persons to comment or request a hearing on the Petitions.

Notices of participation were filed by Direct Energy Services, LLC ("Direct Energy"), MP2 Energy NE LLC ("MP2"), Calpine Energy Solutions LLC ("Calpine"), Appalachian, and Dominion.

In Case No. PUR-2017-00173, Calpine, Direct Energy, MP2, and Dominion filed comments on March 1, 2018, and Staff filed a Staff Report on March 29, 2018. Responses to the Staff Report were filed by Walmart, Dominion, Calpine, MP2, and Direct Energy on April 13, 2018.

In Case No. PUR-2017-00174, Calpine, Direct Energy, MP2, and Appalachian filed comments on March 15, 2018, and Staff filed a Staff Report on April 13, 2018. Responses to the Staff Report were filed by Walmart, Appalachian, Calpine, MP2, and Direct Energy on April 30, 2018.[1]

On June 15, 2018, the Commission issued an Order in both dockets scheduling oral argument to address certain legal issues.

On July 10, 2018, the Commission received oral argument as scheduled.

On July 12, 2018, the Commission issued an Order Scheduling Additional Proceedings ("July 12, 2018 Order") in both dockets. In its July 12, 2018 Order, the Commission provided an opportunity for Walmart and the other participants in this case to file testimony; scheduled a public hearing; appointed a Hearing Examiner to conduct the additional proceedings set forth in the July 12, 2018 Order; and directed the Hearing Examiner to file a report that addresses the facts presented in these additional proceedings and provides recommendations on any contested issues of fact ("Report").

Walmart, Appalachian, Dominion, and Staff filed testimony in these matters. Public evidentiary hearings were convened on September 5, 2018, and on October 30, 2018. Counsel for Walmart, Appalachian, Dominion, Direct Energy, Calpine, MP2, and Staff appeared at both hearings.[2]

On January 11, 2019, the Chief Hearing Examiner issued his Report.

On February 1, 2019, Walmart, Appalachian, Dominion, Direct Energy, Calpine, MP2, and Staff filed comments on the Report.

NOW THE COMMISSION, upon consideration of these matters, is of the opinion and finds that the Petitions are denied.

As noted above, this Final Order addresses the two Petitions filed by Walmart under Code § 56-577(A)(4) to aggregate the demand of its retail facilities located in Appalachian's and Dominion's certificated service territories and, thereby, to receive Commission approval to switch its supplier of electric power from Appalachian or Dominion to a third-party competitive service provider ("CSP"). The Commission's analysis necessarily begins with the statutory language granting it the authority to act in this matter. Code § 56-577(A)(4) states in full (emphases added):

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[1] Comments were also filed by Virginia's Electric Cooperatives in Case No. PUR-2017-00174 on April 30, 2018, and were accepted by Commission Order dated June 15, 2018.

[2] No public witnesses testified at either hearing. *See* Tr. 121-24 (Sep. 5, 2018); Tr. 136 (Oct. 30, 2018).

> 4. After the expiration or termination of capped rates, two or more individual nonresidential retail customers of electric energy within the Commonwealth, whose individual demand during the most recent calendar year did not exceed five megawatts, may petition the Commission for permission to aggregate or combine their demands, for the purpose of meeting the demand limitations of subdivision 3, so as to become qualified to purchase electric energy from any supplier of electric energy licensed to sell retail electric energy within the Commonwealth under the conditions specified in subdivision 3. The Commission *may*, after notice and opportunity for hearing, approve such petition if it finds that:
>
> a. Neither such customers' *incumbent electric utility nor retail customers of such utility that do not choose to obtain electric energy from alternate suppliers will be adversely affected in a manner contrary to the public interest by granting such petition*. In making such determination, the Commission shall take into consideration, without limitation, the impact and effect of any and all other previously approved petitions of like type with respect to such incumbent electric utility; and
>
> b. *Approval of such petition is consistent with the public interest*.
>
> If such petition is approved, all customers whose load has been aggregated or combined shall thereafter be subject in all respects to the provisions of subdivision 3 and shall be treated as a single, individual customer for the purposes of said subdivision. In addition, the Commission shall impose reasonable periodic monitoring and reporting obligations on such customers to demonstrate that they continue, as a group, to meet the demand limitations of subdivision 3. If the Commission finds, after notice and opportunity for hearing, that such group of customers no longer meets the above demand limitations, the Commission may revoke its previous approval of the petition, or take such other actions as may be consistent with the public interest.

In contrast to the above statutory provisions, a related statutory provision, Code § 56-577(A)(3), unambiguously mandates retail choice for large customers having a demand greater than five megawatts. Such customers have the statutory right – without any notice to, or prior approval from, the Commission – to leave their incumbent utility and buy from a CSP. Thus, it is the public policy of the Commonwealth to allow these large customers to purchase their retail electric supply from the market if they so choose. Code § 56-577(A)(4) does not reflect this same public policy. The General Assembly has decided that for purposes of retail choice under Code § 56-577(A)(4), the public policy of the Commonwealth is for the Commission to make this decision in accordance with the criteria set forth therein.

In that regard, Code § 56-577(A)(4) – which we will call the "aggregated retail choice" provision – states that the Commission "may" permit aggregated retail choice if it makes two independent findings: (a) "[n]either such customers' incumbent electric utility nor retail customers of such utility that do not choose to obtain electric energy from alternate suppliers will be adversely affected in a manner contrary to the public interest by granting such petition"; and (b) "[a]pproval of such petition is consistent with the public interest." The General Assembly, however, did not define the factors for determining what is, or is not, "contrary to" or "consistent with" the public interest. Accordingly, the General Assembly has delegated to the Commission the broad discretion to determine the public interest for purposes of aggregated retail choice under Code § 56-577(A)(4).[3]

In making this determination, a consideration of Virginia's history attendant to retail choice is appropriate. In 1999, the General Assembly passed and the Governor signed legislation to begin a process to restructure Virginia's electric utility regulatory system from its historical model of a state-regulated, vertically-integrated monopoly provider to a system in which the "wires" function (*i.e.*, transmission and distribution) would remain a monopoly but the power supply function would become "deregulated." Under that legislation, every retail customer of the utility, from the largest industrial to the smallest residential, could shop for a different supplier of electrical power.[4]

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[3] *See, e.g., City of Alexandria v. State Corp. Comm'n*, 296 Va. 79, 100 (2018) ("When a statute delegates such authority to the Commission, we presume that any limitation on the Commission's discretionary authority by the General Assembly will be clearly expressed in the language of the statute.") (internal quotation marks and citation omitted).

[4] *See, e.g., Appalachian Power Co. v. State Corp. Comm'n,* 284 Va. 695, 699 (2012) ("In 1999, the General Assembly enacted the Virginia Electric Utility Restructuring Act, former Code §§ 56-576 *et seq*., which was designed to deregulate parts of the electric utility industry and introduce competition among the providers of electric generation.") (citing 1999 Acts ch. 411; *Potomac Edison Co. v. State Corp. Comm'n*, 276 Va. 577, 580 (2008)).

We will not recount the history of that experiment in retail choice, but in 2007 the General Assembly and the Governor made the policy decision to terminate the experiment and return to the model of a vertically-integrated monopoly provider of both the wires function as well as electricity supply.[5] This legislation, however, permitted the continuation of retail choice in three narrow and specifically identified cases. Two of those are mandatory (*i.e.*, the Commission has no discretion to approve or reject): (i) retail choice for large customers with a demand exceeding five megawatts;[6] and (ii) retail choice for 100% renewable energy if the same is not offered by the customer's utility.[7] The third is subject to the Commission's discretion and is at issue in the instant cases: retail choice for nonresidential customers that aggregate their demand to exceed five megawatts.[8] These provisions of law embody the policy decision the General Assembly and Governor made in 2007, and as we have previously recognized in implementing other statutory provisions, the Commission's job is not to create public policy but to carry out the statutes as they are written.[9] The General Assembly, of course, may amend this statute any time it chooses.

Applying the Commission's discretion granted under Code § 56-577(A)(4), we find that approval of either of Walmart's Petitions is *not* consistent with the public interest. Initially in this regard, we disagree with Walmart's claim that "[b]ecause Walmart seeks to do precisely what [Code § 56-577(A)(4)] authorizes it to do," its Petitions must be consistent with the public interest.[10] We likewise disagree with Walmart's additional assertion that if the Commission denies the Petitions, we "would render [Code § 56-577(A)(4)] meaningless."[11] These assertions by Walmart inject public policy determinations into the statute that the General Assembly simply did not include. Under the plain language of Code § 56-577(A)(4), the General Assembly created the possibility of aggregated retail choice, recognized that it may "adversely affect[]" the utility or non-shopping customers, and – unambiguously – granted the Commission the broad discretion to determine "public interest" for purposes of this statute. As directed, the Commission has fulfilled such obligation herein.

In analyzing whether remaining customers "will be adversely affected in a manner contrary to the public interest," the Commission will first consider whether such customers would be held harmless if the aggregated retail choice request is granted. The record establishes that remaining customers would *not* be held harmless if either of the Petitions is granted. For example, approval of aggregated retail choice for Walmart in Appalachian's service territory could shift approximately $4 million of costs to remaining customers over the next ten years.[12] For Dominion, aggregated retail choice for Walmart could shift up to $65 million of costs to remaining customers over that period.[13] As to bill impacts, granting the Petitions is estimated to increase residential customers' monthly bills by $0.05 and $0.13 for Appalachian and Dominion, respectively.[14]

Staff testified how the loss of Walmart's load would, for remaining customers, cause a net increase in rate adjustment clause ("RAC") rates and cause base rates to be higher than otherwise necessary.[15] Staff also explained how the loss of Walmart's load could result in lower earned returns for the utility, which would also be detrimental to non-shopping customers by decreasing the funds available for customer refunds or credits.[16] We also find that the potential for load growth does not alter our public interest determinations herein; the reallocation of costs among remaining customers occurs independent of whether load growth exists.[17] Moreover, as testified to herein, "[e]nvironmental compliance costs arising on pre-existing power plants, the possibility of plant write-downs, or write-offs due to changing regulations, legislative mandates for renewable development and continuing regulation of carbon at the federal and state level, among other items, have [the] ability to drive the need for cost recovery without regard to whether or not load growth exists."[18]

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[5] 2007 Va. Acts chs. 888, 933 ("Regulation Act"). *See, e.g., Old Dominion Comm. for Fair Util. Rates v. State Corp. Comm'n*, 294 Va. 168, 172 (2017) ("In 2007, the General Assembly ended the deregulation program effective December 2008, and … established a new regulatory regime.") (citations omitted).

[6] Code § 56-577(A)(3).

[7] Code § 56-577(A)(5).

[8] Code § 56-577(A)(4).

[9] *See, e.g., Application of Virginia Electric and Power Co., For revision of rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing February 1, 2019*, Case No. PUR-2018-00042, Doc. Con. Cen. No. 181220181, Final Order (Dec. 19, 2018); *Petition of the Old Dominion Comm. for Fair Util. Rates v. Appalachian Power Co., For a declaratory judgment and an order requiring biennial review filings*, Case No. PUE-2016-00010, 2016 S.C.C. Ann. Rept. 357, Final Order (July 1, 2016). *See also Old Dominion Comm. for Fair Util. Rates*, 294 Va. at 181 ("the legislature, not the judiciary, is the sole author of public policy") (internal quotation marks and citations omitted).

[10] Walmart's Comments on Report at 7 ("Because Walmart seeks to do precisely what [Code § 56-577(A)(4)] authorizes it to do, and because it is one of the first to seek the right to aggregate, its Petitions are consistent with the public interest that is inherent in [Code § 56-577(A)(4)]."). All citations to the record herein refer to both Case Nos. PUR-2017-00173 and PUR-2017-00174 unless otherwise noted.

[11] *Id.* at 8-9 ("Under these circumstances, were the Commission to deny the first Petition filed in [Appalachian's] territory and only the second Petition filed in Dominion's territory, it would render [Code § 56-577(A)(4)] meaningless.").

[12] *See, e.g.,* Walmart's Comments on Report at 3; Ex. 10 (Vaughan) at 10.

[13] *See, e.g.,* Ex. 27 (Pratt) at 7.

[14] *See, e.g.,* Report at 1, 30-31. These bill impacts are based on a residential customer using 1,000 kilowatt-hours ("kWh") per month. *Id*.

[15] *See, e.g.,* Ex. 23 (Carr) at 2-5.

[16] *Id.* at 3-5. Both Appalachian and Dominion explained how their utility would be adversely affected by granting the Petitions. *See, e.g.,* Appalachian's Comments on Report (Case No. PUR-2017-00174) at 3; Dominion's Comments on Report (Case No. PUR-2017-00173) at 19-21. As a result of the other findings herein, we need not decide whether such effects are contrary to the public interest.

[17] *See, e.g.,* Dominion's Comments on Report (Case No. PUR-2017-00173) at 24. Appalachian's load is forecasted to decline; Dominion estimates its load growth at 1.4% annually. *See, e.g.,* Hearing Examiner's Report at 28.

[18] Ex. 13 (Morgan) at 13.

Next, having found that remaining customers would be adversely affected in this manner, the Commission must decide if such is contrary to the public interest. For this purpose, we have also considered and weighed the arguments and evidence presented in these proceedings in support of Walmart's requests. The Commission does not question the veracity of Walmart's assertions and respects the economic and business goals reflected in Walmart's requests herein. The Commission finds, however, that the harm to customers who do not (or cannot) switch to a CSP is contrary to the public interest.[19] Accordingly, in exercising the Commission's statutory discretion for purposes of aggregated retail choice, we find that granting either of the Petitions (a) will adversely affect, in a manner contrary to the public interest, customers not purchasing from alternate suppliers, and (b) is not consistent with the public interest.

In addition, the statute governing aggregated retail choice has existed since 2007. Walmart "believes that aggregation will enable it to procure energy at potentially lower costs"[20] and asserts that it "has provided ample evidence to establish that granting its Petitions creates the potential for cost savings."[21] In this regard, the Commission has indeed considered that since the passage of Code § 56-577(A)(4) over ten years ago, captive retail customers – including Walmart – have experienced a continued upward pressure on rates. As permitted by statute, Appalachian and Dominion have sought and received a series of rate increases over this period attributable to base rates, fuel rates, and new statutorily-created RACs.[22] For example, the Commission reported that since the enactment of Code § 56-577(A)(4) in 2007, residential customers of Appalachian and Dominion had seen *monthly* bill increases of approximately $48 (a 73% increase) and $26 (a 29% increase), respectively.[23]

Further, additional bill increases are expected as utilities incur new costs under the mandates of Senate Bill 966 ("SB 966") regarding, among other things, renewable generation, grid transformation, underground distribution, and energy efficiency spending.[24] Since its enactment less than a year ago, SB 966 is already leading to the first round of new utility expenditures that will be recovered from captive retail customers.[25] Senate Bill 966 is also expected to increase the upward pressure on Dominion's rates for residential and small business customers as a result of the cost shifting mandated therein. Specifically, SB 966 mandates a 2% rate discount for Dominion's large manufacturing and commercial customers who enter into a minimum three-year contract,[26] which could reduce Dominion's annual revenues by up to $10 million; however, recovery of such costs will be shifted to other customers who are not eligible for the 2% rate cut, including all residential and many small business customers.[27]

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[19] As noted above, the vast majority of customers of both utilities have no ability to shop for solely lower prices, because the Code only provides large customers with demands exceeding five megawatts with such right. Code § 56-577(A)(3).

[20] Ex. 1 (Petition in Case No. PUR-2017-00173) at 5; Ex. 2 (Petition in Case No. PUR-2017-00174) at 5.

[21] Walmart's Comments on Report at 10. Walmart would also use aggregated retail choice to pursue renewable energy options, but only if those options "are cost effective." *Id*. at 12. The Commission emphasizes that its decision herein in no manner precludes Walmart from pursuing renewable energy alternatives permitted by other statutes and approved tariffs. Moreover, our decision herein does not limit the development of distributed energy resources, such as rooftop solar, as permitted by Virginia law.

[22] Citations to (and discussion of) orders approving such requests as required by law and their cumulative impacts on customers are included in the Commission's official 2017 Report to the Governor and General Assembly on incumbent electric utilities, which was mandated to be prepared every five years as part of the Regulation Act. *See Commonwealth of Virginia, State Corporation Commission, Report to the Governor and Members of the Virginia General Assembly Assessing the Rates and Terms and Conditions of Incumbent Electric Utilities in the Commonwealth Pursuant to the Seventh Enactment Clause of Chapter 933 (SB 1416) of the 2007 Acts of Assembly* (Nov. 1, 2017) ("2017 Commission Report") (www.scc.virginia.gov/comm/reports/utilreports.aspx). In addition, as required by Code § 56-596 B, the Commission prepares separate annual reports for the Governor and General Assembly on the implementation of the Regulation Act, which are also published at the above website. *See, e.g., Commonwealth of Virginia, State Corporation Commission, Reports to the Governor of the Commonwealth of Virginia, the Chairman of the Senate Committee on Commerce and Labor, the Chairman of the House Committee on Commerce and Labor, and the Commission on Electric Utility Regulation of the Virginia General Assembly, Combined Reports Including Status Report: Implementation of the Virginia Electric Utility Regulation Act Pursuant to § 56-596 B of the Code of Virginia* (Aug. 29, 2018) (www.scc.virginia.gov/comm/reports/utilreports.aspx); *Commonwealth of Virginia, State Corporation Commission, Reports to the Governor of the Commonwealth of Virginia, the Chairman of the Senate Committee on Commerce and Labor, the Chairman of the House Committee on Commerce and Labor, and the Commission on Electric Utility Regulation of the Virginia General Assembly, Combined Reports Including Status Report: Implementation of the Virginia Electric Utility Regulation Act Pursuant to § 56-596 B of the Code of Virginia* (Sept. 1, 2017) (www.scc.virginia.gov/comm/reports/utilreports.aspx).

[23] 2017 Commission Report at Appendix 1. These bill impacts are based on a residential customer using 1,000 kWh per month. *Id*.

[24] 2018 Va. Acts ch. 296. SB 966 was signed into law by the Governor on March 9, 2018.

[25] *See, e.g., Petition of Virginia Electric and Power Company, For a prudency determination with respect to the Coastal Virginia Offshore Wind Project pursuant to Virginia Code § 56-585.1:4 F*, Case No. PUR-2018-00121, Doc. Con. Cen No. 181110153, Final Order (Nov. 2, 2018) (renewable generation); *Petition of Virginia Electric and Power Company, For a prudency determination with respect to the Water Strider Solar Power Purchase Agreement pursuant to § 56-585.1:4 F of the Code of Virginia*, Case No. PUR-2018-00135, Doc. Con. Cen. No. 181110152, Final Order (Nov. 2, 2018) (renewable generation); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing February 1, 2019,* Case No. PUR-2018-00042, Doc. Con. Cen. No. 181220181, Final Order (Dec. 19, 2018) (underground distribution); *Petition of Virginia Electric and Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2018-00100, Doc Con. Cen. No. 190130074, Final Order (Jan. 17, 2019) (grid transformation); *Petition of Appalachian Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia,* Case No. PUR-2018-00198, Doc. Con. Cen. No. 1811230199, Petition (Dec. 14, 2018) (grid transformation).

[26] Enactment Clause 11 of 2018 Va. Acts ch. 296 ("Enactment Clause 11").

[27] *Application of Virginia Electric and Power Company, For approval to establish voluntary rate, designated Rider CRC, pursuant to § 56-234 B of the Code of Virginia,* Case No. PUR-2018-00133, Doc. Con. Cen. No. 190210259, Final Order (Feb. 8, 2019). Unlike the provisions of Code § 56-577(A)(4), Enactment Clause 11 does not delegate to the Commission the discretion to evaluate the public interest attendant to such rate discounts and the concomitant cost shifting. *See id*. at 12.

Thus, in support of its requests for aggregated retail choice at this time, Walmart states that its "budgetary needs and costs are not aligned with the regulatory cadence of [Appalachian's and Dominion's] retail rates."[28] Walmart claims that denying its Petitions – and its ability to get lower rates by obtaining its power supply elsewhere – "is contrary to the legislative intent in favor of retail choice that is reflected in [Code § 56-577(A)(4)]."[29] Conversely, Appalachian and Dominion point to the General Assembly's intent, through the Regulation Act, to terminate the full retail choice model and retain retail choice in only specifically limited circumstances.[30] By so doing, the General Assembly and Governor have adopted a policy that maintains the vertically-integrated monopoly utility model for the vast majority of retail customers.

For purposes of implementing the instant statute, however, the legislative intent can be found in the actual words of Code § 56-577(A)(4).[31] Those words are not ambiguous, and the aggregated retail choice provisions therein are part of a "consistent and harmonious whole."[32] That is, as discussed above, unlike the other remaining retail choice options, the legislative intent of Code § 56-577(A)(4) is to delegate to the Commission the broad discretion to determine "public interest" for purposes of aggregated retail choice. If and when such requests are received, the Commission must exercise that discretion based on the circumstances existing at such time. That is what we have done here.[33]

If Walmart believes that the current statutory structure for setting vertically-integrated electric utility rates results in unreasonable or unnecessarily high rates, or that the public policy of Virginia should be to institute retail choice on a far more extensive scale than required under current law, its potential for recourse may be found through the legislative process.

In conclusion, given the context of a decade of rising rates and the likelihood of even higher rates in the future, we do not find it consistent with the public interest for captive customers who do not have the legal ability to obtain lower rates – predominantly residential and small business – to suffer from the cost-shifting identified herein by enabling a large-demand customer to seek its power supply elsewhere through aggregation.

Accordingly, IT IS SO ORDERED, and these matters are dismissed.

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[28] Ex. 2 (Petition in Case No. PUR-2017-00174) at 5 n.11; Ex. 1 (Petition in Case No. PUR-2017-00173) at 5 n.13.

[29] Walmart's Comments on Report at 9.

[30] *See, e.g.* Appalachian's Comments on Report (Case No. PUR-2017-00174) at 9; Dominion's Comments on Report (Case No. PUR-2017-00173) at 8.

[31] *See, e.g., Palmer v. Atlantic Coast Pipeline, LLC*, 293 Va. 573, 577-78 (2017) ("In analyzing a statute, the Court's primary objective is to ascertain and give effect to legislative intent. … That intention is initially found in the words of the statute itself, and if those words are clear and unambiguous, we do not rely on rules of statutory construction.") (internal quotation marks and citations omitted).

[32] *See, e.g., Chaffins v. Atlantic Coast Pipeline, LLC*, 293 Va. 564, 568 (2017) ("However, consideration of the entire statute ... to place its terms in context to ascertain their plain meaning does not offend this rule because it is our duty to interpret the several parts of a statute as a consistent and harmonious whole so as to effectuate the legislative goal.") (internal quotation marks and citations omitted).

[33] We further note that our findings herein do not conflict with the Commission's approval of limited aggregated retail choice in Case No. PUR-2017-00109. *Petition of Reynolds Group Holdings Inc., For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia*, Case No. PUR-2017-00109, Doc. Con. Cen. No. 180230162, Final Order (Feb. 21, 2018). In that case, the Commission emphasized "that the result of this initial review is strictly limited to the instant case and does not establish specific rules for, or the eventual scope of, [aggregated retail choice]." *Petition of Reynolds Group Holdings Inc., For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia*, Case No. PUR-2017-00109, Doc. Con. Cen. No. 180540055, Opinion at 5-6 (May 16, 2018).

CASE NO. PUR-2017-00174
MARCH 15, 2019

PETITION OF
WAL-MART STORES EAST , LP and SAM'S EAST, INC. CASE NO. PUR-2017-00174

For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia

PETITION OF
WAL-MART STORES EAST, LP and SAM'S EAST, INC. CASE NO. PUR-2017-00173

For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia

ORDER GRANTING RECONSIDERATION

On February 25, 2019, the State Corporation Commission issued a Final Order in these dockets. On March 13, 2019, Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Walmart"), filed a Petition for Limited Rehearing or Reconsideration ("Petition") pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure.[1]

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[1] 5 VAC 5-20-10 *et seq.*

NOW THE COMMISSION, upon consideration of the Petition, grants reconsideration for the purpose of continuing jurisdiction over these proceedings and considering the above-referenced request. The Final Order is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted for the purpose of continuing jurisdiction over these proceedings and considering the above-referenced request.

(2) The Final Order is suspended.

(3) On or before April 5, 2019, any participant in these cases may file a response to the Petition.

(4) On or before April 19, 2019, Walmart may file a reply to the above response(s).

(5) These matters are continued generally.

CASE NO. PUR-2017-00174
MAY 30, 2019

PETITION OF
WAL-MART STORES EAST, LP and SAM'S EAST, INC. CASE NO. PUR-2017-00174

For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia

PETITION OF
WAL-MART STORES EAST, LP and SAM'S EAST, INC. CASE NO. PUR-2017-00173

For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia

ORDER ON RECONSIDERATION

On February 25, 2019, the State Corporation Commission ("Commission") issued a Final Order in these dockets. On March 13, 2019, Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Walmart"), filed a Petition for Limited Rehearing or Reconsideration ("Petition for Reconsideration") pursuant to 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure.[1] On March 15, 2019, the Commission issued an Order Granting Reconsideration, which suspended the Final Order and established a schedule for additional pleadings on the Petition for Reconsideration. Pursuant thereto, additional pleadings on the Petition for Reconsideration were filed by: Appalachian Power Company ("Appalachian"); Virginia Electric and Power Company ("Dominion"); Direct Energy Services, LLC; and Walmart.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Petition for Reconsideration is denied.

These cases commenced upon the filing by Walmart of two petitions seeking to aggregate its demand so that it could leave its incumbent utilities and purchase electricity from a competitive service provider under Code § 56-577(A)(4). Specifically, Walmart expressly requested authority to aggregate the demands of: (i) 120 Walmart accounts located in Dominion's certificated service territory;[2] and (ii) 44 Walmart accounts located in Appalachian's certificated service territory.[3] After these specific requests were fully litigated, the Commission issued its Final Order denying the two originally-filed petitions pursuant to the Commission's delegated authority under Code § 56-577(A)(4).

In its Petition for Reconsideration, Walmart requests that the Commission: (1) "confirm whether aggregation of some lesser amount of load would satisfy the public interest requirements of [Code § 56-577(A)(4)]"; and (2) "authorize Walmart to aggregate and competitively shop such load."[4] This request is clearly different from the specific relief sought by Walmart in its original petitions.[5] The Commission herein exercises its discretion not to provide

[1] 5 VAC 5-20-10 *et seq.*

[2] *Petition of Walmart Stores East, LP and Sam's East, Inc., For Approval to Aggregate its Demand Pursuant to § 56-577 A 4 of the Code of Virginia Within Virginia Electric and Power Company's Service Territory,* Case No. PUR-2017-00173, Doc. Con. Cen. No. 171220085, Petition, Attachment A (December 15, 2017).

[3] *Petition of Walmart Stores East, LP and Sam's East, Inc., For Approval to Aggregate its Demand Pursuant to § 56-577 A 4 of the Code of Virginia Within Appalachian Power Company's Service Territory,* Case No. PUR-2017-00174, Doc. Con. Cen. No. 171220098, Petition, Attachment A (December 15, 2017).

[4] Petition for Reconsideration at 5.

[5] *See Petition of Walmart Stores East, LP and Sam's East, Inc., For Approval to Aggregate its Demand Pursuant to § 56-577 A 4 of the Code of Virginia Within Appalachian Power Company's Service Territory,* Case No. PUR-2017-00174, Doc. Con. Cen. No. 190410209, Response of Appalachian Power Company (April 5, 2019); *See also Petition of Walmart Stores East, LP and Sam's East, Inc., For Approval to Aggregate its Demand Pursuant to § 56-577 A 4 of the Code of Virginia Within Virginia Electric and Power Company's Service Territory,* Case No. PUR-2017-00173, Doc. Con. Cen. No. 190410213, Response of Virginia Electric and Power Company in Opposition to the Petition of Wal-Mart Stores East, LP and Sam's East, Inc. for Limited Rehearing or Reconsideration (April 5, 2019).

specific relief – on reconsideration – that was not requested by Walmart in the original petitions. Further in this regard, Walmart observes that the "Commission's Final Order appears to consider only Walmart's requests to aggregate *all* of its load in both the [Appalachian] and Dominion territories."[6] That is correct. The Final Order answers the specific relief sought by Walmart in its petitions initiating these cases.

Walmart, however, argues that the Commission should provide Walmart's newly requested relief on reconsideration because, while being cross-examined by Commission Staff during the evidentiary hearing, Walmart's witness stated that it "would aggregate a smaller amount of load if that was the only thing that was available."[7] This testimony obviously does not serve to amend Walmart's originally-filed petitions. Nor did Walmart seek to amend its petitions at any point during these proceedings to modify its requests for relief herein.[8]

Accordingly, IT IS ORDERED THAT:

(1) The Petition for Reconsideration is denied.

(2) The Final Order is no longer suspended.

(3) This case is dismissed.

Commissioner Patricia L. West did not participate in this matter.

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[6] *Petition of Walmart Stores East, LP and Sam's East, Inc., For Approval to Aggregate its Demand Pursuant to § 56-577 A 4 of the Code of Virginia Within Virginia Electric and Power Company's Service Territory,* Case Nos. PUR-2017-00173 and PUR-2017-00174, Doc. Con. Cen. No. 190420193 and 190420194, Reply in Support of Wal-Mart Stores East, LP and Sam's East, Inc.'s Petition for Limited Rehearing or Reconsideration, at 2 (Apr. 18, 2019) (emphasis added).

[7] *See, e.g., id.* at 1 and 3; Tr. 201-202.

[8] In addition, to the extent that Walmart's Petition for Reconsideration may be deemed a request to amend its original petitions, the Commission again exercises its discretion not to allow Walmart to amend the relief sought in the original petitions at the *conclusion* of this fully-litigated proceeding.

CASE NO. PUR-2017-00179
JANUARY 7, 2019

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval of a 100% renewable energy rider pursuant to § 56-577 A 5 of the Code of Virginia

ORDER APPROVING TARIFF

On December 27, 2017, Appalachian Power Company ("Appalachian" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of a voluntary renewable energy rider, designated Rider WWS, pursuant to which participating customers would be able to purchase "electric energy provided 100 percent from renewable energy" pursuant to § 56-577 A 5 of the Code of Virginia ("Code").

Appalachian states in its Application that Rider WWS participants would receive 100 percent of their energy and capacity from a portfolio of resources owned or contracted by the Company that meet the definition of renewable energy in Code § 56-576 (collectively, "WWS Portfolio").[1] Appalachian states that the resources in the WWS Portfolio would include the Summersville, Buck, Byllesby, Claytor, Leesville, London, Marmet, Niagara, and Winfield hydro facilities and the Beech Ridge, Grand Ridge, Fowler Ridge, Camp Grove, and Bluff Point wind facilities.[2]

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[1] Ex. 3 (Application) at 4-5; Ex. 4 (Castle Direct) at 1. Under the Company's proposal, the WWS Portfolio would match renewable generation and participating load on a monthly basis. *See* Tr. 17.

[2] Ex. 3 (Application) at 5; Ex. 4 (Castle Direct) at 1-2. The Company stated in its Application that the output associated with the Bluff Point wind facility would be added to the WWS Portfolio once delivery from that facility began in January 2018. Ex. 4 (Castle Direct) at 2.

Appalachian states that Rider WWS would be priced at a premium over standard service based on the prevailing market value of retail renewable energy, using the market cost of renewable energy certificates ("RECs") as a proxy for this premium.[3] The Company is proposing a premium of $0.00425 per kilowatt hour ("kWh") for all standard rate schedules.[4] The Company states that for a residential customer using 1,000 kWh per month who chooses to participate in Rider WWS, the monthly bill increase would be $4.25.[5] In addition to the premium, the Company proposes that Rider WWS participants pay for standard service plus all riders except the fuel factor rider, non-renewable generation rate adjustment clauses, and generation costs in base rates.[6] The Company states that instead, participating customers would pay a "balancing" charge that credits the Company's base rates and these riders in amounts that keep non-participants unaffected by participation.[7]

On January 17, 2018, 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, including scheduling a public evidentiary hearing; provided opportunities for interested persons to participate in this proceeding by filing either comments on the Application or notices of participation; directed the Commission's Staff ("Staff") to investigate the Application and file testimony and exhibits summarizing Staff's investigation; and appointed a Hearing Examiner to conduct all further proceedings in this case.

Notices of participation were filed by Wal-Mart Stores East, LP, and Sam's East, Inc. (collectively, "Walmart"); Appalachian Voices; Collegiate Clean Energy, LLC ("Collegiate Clean"); the VML/VACo APCo Steering Committee ("Steering Committee"); Virginia Electric and Power Company ("Dominion"); Direct Energy Services, LLC; and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"). The Commission also received written comments on the Application.

Appalachian filed the direct testimony of its witnesses coincident with the filing of its Application. On May 1, 2018, Walmart and Collegiate Clean filed the testimony of their witnesses. Staff filed the testimony of its witnesses on May 23, 2018. Appalachian filed rebuttal testimony on June 6, 2018.

The public evidentiary hearing was convened, as scheduled, on June 26, 2018. Counsel for the Company, Appalachian Voices, Collegiate Clean, the Steering Committee, Walmart, Dominion, Consumer Counsel, and Staff appeared. No public witnesses testified at the hearing.[8]

On September 25, 2018, the Hearing Examiner issued his report ("Report"). Comments on the Report were filed by Appalachian, Walmart, Collegiate Clean, Appalachian Voices, the Steering Committee, Consumer Counsel, and Staff.[9]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

Code § 56-577 A 5 states in full:

> 5. After the expiration or termination of capped rates, individual retail customers of electric energy within the Commonwealth, regardless of customer class, shall be permitted:
> a. To purchase electric energy provided 100 percent from renewable energy from any supplier of electric energy licensed to sell retail electric energy within the Commonwealth, other than any incumbent electric utility that is not the incumbent electric utility serving the exclusive service territory in which such a customer is located, if the incumbent electric utility serving the exclusive service territory does not offer an approved tariff for electric energy provided 100 percent from renewable energy; and
> b. To continue purchasing renewable energy pursuant to the terms of a power purchase agreement in effect on the date there is filed with the Commission a tariff for the incumbent electric utility that serves the exclusive service territory in which the customer is located to offer electric energy provided 100 percent from renewable energy, for the duration of such agreement.

This statute allows a customer to purchase "electric energy provided 100 percent from renewable energy" from a competitive service provider ("CSP"), if that customer's utility does not offer "an *approved* tariff for electric energy provided 100 percent from renewable energy" (emphasis added). As the Commission has previously noted, although this statute requires the utility's tariff to be "approved" by the Commission, it does not include an express standard of review for the Commission's approval, nor does it include any express limitations on what the Commission may determine is relevant to such review.[10]

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[3] Ex. 3 (Application) at 8; Ex. 14 (Vaughan Direct) at 4.

[4] Ex. 3 (Application) at 8; Ex. 14 (Vaughan Direct) at 4.

[5] Ex. 3 (Application) at 9; Ex. 4 (Castle Direct) at 5.

[6] Ex. 14 (Vaughan Direct) at 4.

[7] *Id.* The Company asserts that the allowed incremental and non-incremental costs of the renewable generators would continue to be recovered from all customers through the fuel factor, base generation rates and the renewable energy portfolio standard ("RPS") rate adjustment clause ("RPS-RAC"). *Id.* at 5.

[8] Tr. 13.

[9] Though the Steering Committee's comments on the Hearing Examiner's Report were filed out of time, the Commission will accept and consider those comments in this proceeding.

[10] *See Application of Virginia Electric and Power Company, For approval of 100 percent renewable energy tariffs pursuant to §§ 56-577 A 5 and 56-234 of the Code of Virginia*, Case No. PUR-2017-00060, Doc. Con. Cen. No. 180520057, Final Order at 5 (May 7, 2018); *Petition of Appalachian Power Company, For approval of a 100% renewable energy rider*, Case No. PUE-2016-00051, 2017 S.C.C. Ann. Rept. 339, 341, Final Order (Sept. 13, 2017).

In this regard, any tariff proposed under this statute must be evaluated on its own merits in determining whether it is just and reasonable and should be approved. For purposes of instruction but not limitation, the Commission further clarifies that certain basic principles inform our analysis of a 100 percent renewable energy tariff proposed under this statute:

- First, to be just and reasonable, the proposed tariff should include safeguards that hold non-participating customers substantially harmless.[11]
- Second, the tariff must supply the customer's full load requirements with electric energy provided 100 percent from "renewable energy" as defined by statute.[12]
- Third, the rates under such tariff should be reasonable for purposes of the renewable energy product that is being supplied.

As to the first principle, Appalachian's proposal herein includes safeguards that hold non-participating customers substantially harmless.[13]

As to the second principle, Appalachian's proposal identifies the specific renewable energy portfolio from which a customer's full load requirements will be supplied by 100 percent "renewable energy" as defined by statute.[14] In addition, the Commission finds that it is reasonable, for purposes of supplying 100 percent renewable energy under this statute, to match renewable generation with a participating customer's load on a *monthly* basis.[15]

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[11] Whether such a tariff produces *de minimis* or minor incidental effects on non-participating customers that do not violate this "substantially harmless" principle is a matter of fact to be determined in each case.

[12] Code § 56-576 states as follows:

> "*Renewable energy*" means energy derived from sunlight, wind, falling water, biomass, sustainable or otherwise, (the definitions of which shall be liberally construed), energy from waste, landfill gas, municipal solid waste, wave motion, tides, and geothermal power, and does not include energy derived from coal, oil, natural gas, or nuclear power. Renewable energy shall also include the proportion of the thermal or electric energy from a facility that results from the co-firing of biomass.

[13] *See, e.g.,* Ex. 14 (Vaughan Direct) at 5; Ex. 28 (Carr Direct) at 6-11; Ex. 33 (Castle Rebuttal) at 5; Appalachian Brief at 23-29; Tr. 264-65. Staff noted that Rider WWS may impact RPS-RAC customers and, thus, non-participants. Ex. 28 (Carr Direct) at 6-8, 10. Staff further found, however, that such impact is expected to be *de minimis*, and Appalachian proposes to subject both the balancing charge and the premium to periodic revisions to reflect current market conditions. *Id*. at 10; Ex. 14 (Vaughan Direct) at Schedule 1.

[14] *See, e.g.,* Ex. 3 (Application) at 4-7; Ex. 4 (Castle Direct) at 2-5; Ex. 30 (Vaughan Rebuttal) at 4-5; Ex. 33 (Castle Rebuttal) at 2-5; Report at 24-26. As the Company noted, "Rider WWS offers to sell the *output* of the Company's renewable generation facilities. The Company will retire the RECs associated with that output, as is industry practice and as the Commission and the General Assembly [have] required. Rider WWS does not offer to merely purchase and retire RECs on behalf of APCo's customers . . . ." Ex. 33 (Castle Rebuttal) at 3 (emphasis in original). In contrast, the Commission rejected a prior proposal from Appalachian under this statute, because the Company did not establish that the tariff provided the customer with 100 percent renewable energy. *See 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. 3, 2008).

[15] *See, e.g.,* Report at 26-28, 33; Appalachian Brief at 11-13; Tr. 65-67, 226-28. This finding does not preclude other matching standards from also being found reasonable in specific instances.

As to the third principle, the Commission finds that the proposed tariff rates herein are reasonable for purposes of supplying electric energy provided 100 percent from renewable energy.[16] As an initial matter, the proposed tariff does not result in aggregate revenues that exceed aggregate costs plus a fair return.[17] Next, unlike market prices for undifferentiated electricity or natural gas, there currently are no standard, publicly available market prices for a "100 percent renewable energy" product (as fashioned by the Virginia statute) for the Commission to use for purposes of comparison. Nor are there other retail tariffs or market products directly equivalent to the Company's proposed 100 percent renewable energy product to use for comparison purposes.[18] The Commission concludes that it is reasonable in this instance to compare Appalachian's proposed tariff with available proxies presented in this proceeding, which we further find are reasonable for this purpose. Based on the instant record, the Commission finds that the tariff is reasonable when compared to proxies such as: the rates charged to multiple customers by the only CSP providing 100 percent renewable energy under Code § 56-577 A 5 in Appalachian's service territory;[19] the market price of RECs;[20] and premiums paid by customers nationally in "green pricing" programs.[21]

Next, as discussed by the Hearing Examiner, Code § 56-585.2 F of Virginia's RPS program includes the following requirement (emphasis added):

> 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*.

We agree with the Hearing Examiner that a utility does not have the unilateral authority to determine what is "feasible" under this statute.[22] Rather, any such determination must be supported by a finding of the Commission. The statute, however, does not define how the Commission is to determine such feasibility; thus, the Commission must exercise its discretion in this regard. In the instant case and based on the record herein, the Commission approves Appalachian's request and finds that it is not feasible for the Company to apply towards its RPS goals the renewable energy from existing renewable energy sources that is being supplied to customers under its 100 percent renewable energy tariff.

Having approved Rider WWS, the Commission further finds that such tariff may be "offered" under the terms of Code § 56-577 A 5 until it becomes fully subscribed, or until the Company fails to accomplish the monthly matching of load and supply as approved herein.[23]

Finally, the Company shall comply with the reporting requirements recommended by Staff.[24]

Accordingly, IT IS ORDERED THAT:

(1) Rider WWS is approved as set forth herein.

(2) Within 30 days hereof, Appalachian shall file Rider WWS, as approved by this Order Approving Tariff, with the Clerk of the Commission and the Commission's Division of Public Utility Regulation and Utility Accounting and Finance. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) The Company shall file annual reports on Rider WWS commencing May 1, 2019, and continuing until further order of the Commission.

(4) This case is dismissed.

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[16] In contrast, the Commission rejected prior proposals under this statute that did not satisfy this principle. *See Application of Virginia Electric and Power Company, For approval of 100 percent renewable energy tariffs pursuant to §§ 56-577 A 5 and 56-234 of the Code of Virginia*, Case No. PUR-2017-00060, Doc. Con. Cen. No. 180520057, Final Order at 7 (May 7, 2018) (rejecting the utility's proposal because there was too much uncertainty in the proposed rates to determine that they were reasonable); *Petition of Appalachian Power Company, For approval of a 100% renewable energy rider,* Case No. PUE-2016-00051, 2017 S.C.C. Ann. Rept. 339, 341, Final Order (Sept. 13, 2017) (rejecting the utility's legal argument that it did not need to establish that the proposed rates were reasonable).

[17] Code § 56-235.2 A. *See, e.g.,* Ex. 14 (Vaughan Direct) at 6-7; Ex. 30 (Vaughan Rebuttal) at 6-7; Ex. 33 (Castle Rebuttal) at 5; Appalachian Brief at 13-31. Further, as asserted by Appalachian, it "calculated the Rider WWS rate to ensure that it captured all costs of providing 100% renewable energy to certain customers who elect such service." Appalachian Comments on Report at 15.

[18] *See, e.g.,* Appalachian Comments on Report at 14.

[19] *See, e.g.,* Appalachian Brief (confidential version) at 20-22.

[20] *See, e.g.,* Ex. 3 (Application) at 8; Ex. 14 (Vaughan Direct) at 4; Ex. 28C (Carr Direct) at 8-10; Ex. 30 (Vaughan Rebuttal) at 2. The renewable energy premium built into Rider WWS is specifically based on the going and projected value of the RECs produced by the generators in the WWS Portfolio. *See, e.g.,* Ex. 14 (Vaughan Direct) at 4.

[21] *See, e.g.,* Ex. 4 (Castle Direct) at 6; Ex. 12; Appalachian Brief at 19-20. The United States Department of Energy's National Renewable Energy Laboratory reports that the national average premiums for "green pricing" programs were about \$0.018/kWh for residential customers and \$0.017/kWh for non-residential customers. *See, e.g.,* Ex. 12 at 10. The Company's proposed renewable energy premium is \$0.00425/kWh. *See, e.g.,* Ex. 3 (Application) at 8; Ex. 14 (Vaughan Direct) at 4.

[22] *See, e.g.,* Report at 22.

[23] *See, e.g.,* Report at 28, 33.

[24] *See, e.g.,* Report at 10-12; Ex. 26 (White Direct) at 17-18; Tr. 227; Ex. 28 (Carr Direct) at 11.

CASE NO. PUR-2018-00014
MARCH 11, 2019

APPLICATION OF
ATMOS ENERGY CORPORATION

For a general increase in rates

FINAL ORDER

On June 1, 2018, Atmos Energy Corporation ("Atmos" or "Company") filed an application with the State Corporation Commission ("Commission") for a general increase in rates together with direct testimony, exhibits, and schedules ("Application") as prescribed by the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq*. In its Application, the Company proposed to increase its annual base rate revenues by approximately $605,475.[1] Atmos stated that the requested increase in revenues represents an overall revenue increase of approximately 5.3% based on a return on equity ("ROE") of 11.15%.[2] In its Application, the Company proposed that its increase in rates take effect on an interim basis and subject to refund for service rendered on and after October 29, 2018.[3]

On June 22, 2018, the Commission entered an Order for Notice and Hearing that, among other things, directed the Company to provide notice of its Application; provided the opportunity for interested persons to comment on the Application and to participate in this case; set the matter for hearing before a Hearing Examiner; directed the Staff of the Commission ("Staff") to investigate the Application; and found that Atmos had satisfied the requirements for placing its proposed rates in effect on an interim basis and subject to refund for service rendered on and after October 29, 2018.[4]

No one filed a notice of participation in this proceeding. No written comments were filed in the proceeding.

On November 8, 2018, the Company and Staff filed a Joint Motion to Accept Partial Stipulation. In the Partial Stipulation, Atmos and Staff represented that a black box settlement had been reached that resolved all issues with the sole exception of the proper ROE.[5] Among other things, the Partial Stipulation provided that (1) the Company's base rates would be reduced by a maximum of $400,000 for service rendered on and after 30 days following the Commission's entry of a Final Order in this case; (2) the Stipulating Parties agree that the Commission's approval of an ROE above 9.20% would reduce the $400,000 annual revenue reduction by $3,600 per basis point increase; (3) the Company agreed, on a prospective basis, that accumulated deferred income tax will be netted with deferred gas when computing carrying costs in all future actual cost adjustments; (4) Staff agrees with the Company's proposed calculation and refund methodology for the regulatory liability that the Commission directed Atmos to accrue in the Tax Order, and the Company will continue to accrue the regulatory liability until rates are changed in this case, and that a one-time bill credit refund will be issued within 90 days following implementation of the new base rates approved in this case; (5) Atmos agrees to use Staff's calculation of the jurisdictional excess accumulated deferred income tax ("EDIT") balance of $5,090,053 (equating to an EDIT regulatory liability of $6,595,952 after tax gross-up) and begin amortization, subject to the true-up mentioned in Paragraph (6) of the Partial Stipulation, using the Company's proposed amortization; (6) the Stipulating Parties agree to resolve the issue involving the EDIT amortization period associated with the repairs deduction through the Private Letter Ruling ("PLR") process at the Internal Revenue Service ("IRS"); (7) the Company will contribute $6,970 annually in GTI membership dues for the Virginia jurisdiction until Atmos's next base rate case; and (8) the Company will utilize the March 31, 2018, capital structure as shown on Schedule 3 of Staff witness Gleason's prefiled direct testimony for any future Steps to Advance Virginia's Energy Plan filings (subject to the five-year limitation set forth in § 56-603 of the Code of Virginia) until the Company's next base rate case.

A hearing was convened on November 14, 2018. No public witnesses appeared at the hearing. The Hearing Examiner allowed post-hearing briefs limited to the issue of ROE. Atmos and Staff filed post-hearing briefs on December 5, 2018.

On January 4, 2019, the Hearing Examiner filed her report in this case ("Hearing Examiner's Report"). The Hearing Examiner recommended that the Commission grant the Joint Motion; accept the Partial Stipulation; approve an ROE of 9.20%; and approve an annual base rate revenue requirement reduction of $400,000.[6] On January 25, 2019, Atmos and Staff filed comments to the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Partial Stipulation

The record supports the adoption of the proposed Partial Stipulation. The Partial Stipulation balances the interests of both the Company and consumers and is fair, reasonable, and in the public interest.

The Partial Stipulation requires the Company to request a PLR from the IRS on the proper EDIT amortization period. We find this is a reasonable way to proceed. If the IRS declines to address the issue, the Commission may reopen this docket for the limited purpose of determining this issue. The Company will accrue a reserve for the revenue requirement impact until either the IRS or the Commission addresses the issue.[7] If the Company's

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[1] Exhibit 2 (Application) at 3.

[2] *Id.*

[3] *Id.* at 5.

[4] The Partial Stipulation, discussed herein, clarifies that Atmos did not implement interim rates. Ex. 12 (Partial Stipulation) at 1.

[5] *See* Ex. 12 (Partial Stipulation).

[6] Hearing Examiner's Report at 19.

[7] Ex. 12 (Partial Stipulation) at 2.

position prevails, then no base rate change will be necessary, and the reserve entry can be reversed.[8] If Staff's position prevails, Atmos will work collaboratively with Staff to determine how to reflect the accrued reserve on customer's bills in an efficient manner, lower base rates on a prospective basis, and adjust the amortization going forward to synchronize with rates being charged to the customer.[9]

Return on Equity

The proposed ROE is the one contested issue remaining after approval of the Partial Stipulation. Atmos originally requested an ROE of 11.15%, which included several adjustments to the calculated common cost of equity.[10] In rebuttal testimony, Atmos updated its weighted cost of capital based on an investor-required ROE of 10.40% and acceptance of Staff's proposed capital structure.[11] Staff recommended an ROE range of 8.70%-9.70%, with a 9.20% mid-point based on longstanding methodology.[12] As the Hearing Examiner summarized, the data and assumptions employed varied significantly between Staff and Atmos.[13]

One important variable was the use of average projected interest rates through 2029 by Atmos.[14] In contrast, Staff used actual interest rates through August 2018 (the time of the Staff analysis).[15] We have consistently rejected the use of projected interest rates in prior cases, recognizing that the inclusion of such projected interest rates inflates the results of a utility's risk premium analysis.[16] Additionally, the use of a historic average relies on observable and verified data. We agree with the Hearing Examiner that Atmos has failed to produce evidence of a sustained upward shift in future interest rates to warrant changes to the information considered by Staff in its ROE analysis.[17]

The Company's use of non-regulated companies when determining its ROE is likewise not supported by the evidence. As properly noted by Staff, non-regulated companies do not exhibit comparable risk to Atmos because such companies do not have "a monopoly on a government-protected, franchised service territory for an essential product."[18] Thus, the use of non-regulated companies as part of an ROE determination for a regulated company is not appropriate.

The Company does not provide evidence supporting its contention that it requires an ROE of 10.40% to attract capital. Based on the entire record in this case, we find that a 9.20% ROE is appropriate and affords Atmos an opportunity to earn a reasonable return. Applying a 9.20% ROE allows for the maximum $400,000 reduction to the Company's currently approved annual revenue requirement.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner's Report hereby are adopted.

(2) The Company forthwith shall file revised rates and terms and conditions of service conforming to the new rates, effective for service rendered on and after thirty days from this Order.

(3) The Company's proposed EDIT amortization should be used going forward, pending a final determination by the IRS. The Company shall request, in a timely manner and with the assistance of Staff, a PLR from the IRS addressing the proper EDIT amortization period.

(4) Within 90 days of the new rates from this case being implemented, the Company shall implement a one-time bill credit refund for the regulatory liability associated with the federal tax rate change that the Commission directed the Company to accrue in Case No. PUR-2018-00005.[19]

(5) This matter is dismissed.

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[8] *Id.*

[9] *Id.* at 2-3.

[10] *See* Ex. 7 (D'Ascendis Direct).

[11] *See* Ex. 16 (D'Ascendis Rebuttal).

[12] *See* Ex. 10 (Gleason Direct).

[13] Hearing Examiner's Report at 16.

[14] *Id.* at 17.

[15] *Id.*

[16] *Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses,* 2017 S.C.C. Ann. Rept. 475, 476, Case No. PUR-2017-00038, Final Order (Nov. 27, 2017). *See also Application of Appalachian Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses*, Case No. PUR-2018-00048, Doc. Con. Cen. No. 181120212, Final Order (Nov. 7, 2018).

[17] Hearing Examiner's Report at 17.

[18] *Id.* at 19 (quoting Ex. 10 (Gleason Direct) at 21).

[19] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Regulatory Accounting related to the Federal Tax Cuts and Jobs Act of 2017,* Case No. PUR-2018-00005, Doc. Con. Cen. No. 180110073, Order (Jan. 8, 2018).

CASE NO. PUR-2018-00015
NOVEMBER 15, 2019

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY

For a general increase in rates

FINAL ORDER

On August 1, 2018, Appalachian Natural Gas Distribution Company ("ANGD" or "Company") filed an application with the State Corporation Commission ("Commission") for a general increase in rates ("Application").[1]

ANGD is a public utility that provides customers in southwestern Virginia with natural gas distribution service.[2] ANGD currently has two service divisions and serves approximately 1,600 customers in Virginia.[3] The Company's Appalachian division ("Appalachian District") serves more than 500 customers and its Bluefield division ("Bluefield District") serves approximately 1,100 customers.[4]

In its Application, the Company sought to increase its annual base rate revenues by approximately $370,501 and proposed that this increase in rates be placed into effect for service rendered on and after December 1, 2018, on an interim basis, and subject to refund, until the Commission issued a final order in this proceeding.[5]

On August 28, 2018, the Commission issued an Order for Notice and Hearing in this proceeding that, among other things, scheduled a public hearing on the Application; required ANGD to publish notice of its Application; gave interested persons the opportunity to comment on, or participate in, the case; directed Commission Staff ("Staff") to investigate the Application and file testimony containing its findings and recommendations thereon; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission.

No notices of participation were filed in this proceeding. One person filed written comments on the Application. Public hearings were convened on March 26, 2019, and May 30, 2019. No public witnesses testified at either hearing.[6] At the May 30, 2019 hearing, the Commission received testimony from witnesses on behalf of the participants and admitted evidence on the Application.

On July 31, 2019, the Hearing Examiner filed the Report of D. Mathias Roussy, Jr., Hearing Examiner ("Report"). The Hearing Examiner made the following findings and recommendations in his Report: (i) ANGD's 2018 regulatory expense amount of $41,136 should be used to set rates;[7] (ii) heating degree day data from the Bluefield weather station should be used to weather normalize the revenues and relevant expenses of ANGD's Appalachian Division; (iii) a rate of return on common equity ("ROE") range of 8.70% - 9.70% is appropriate; (iv) rates should be set using an ROE of 9.70%; (v) a weighted average cost of capital of 8.62% is appropriate; (vi) revenues of $110,073 for the Appalachian District and $100,692 for the Bluefield District, which equals a total of $210,765, should be approved; (vii) the allocation factors presented by ANGD in its rebuttal testimony are reasonable; (viii) the revenue apportionment recommended by the Hearing Examiner and set forth in the Report should be approved; (ix) new rates and customer refunds based on Staff's regulatory liability calculations and methodology would incorporate the effects of the federal Tax Cuts and Jobs Act; and (x) ANGD should affirmatively address in future rate case applications any significant proposed departures from ratemaking methodologies or assumptions adopted in prior rate proceedings.[8]

NOW THE COMMISSION, upon consideration of the record in this case, the Hearing Examiner's Report, and the applicable laws and statutes, is of the opinion and finds that the findings and recommendations set forth in the Hearing Examiner's Report should be adopted in part and rejected in part as set forth below.

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[1] ANGD filed a corrected Schedule 40 and certain revised schedules on August 7, 2018, and August 13, 2018, respectively. On August 22, 2018, ANGD filed the summaries of the testimonies of its witnesses, which noted that the revised schedules decreased the revenue requirement requested in the Application.

[2] Exhibit ("Ex.") 3 (Application) at 2.

[3] Transcript ("Tr.") 11.

[4] Tr. 11.

[5] Ex. 7 (Ebert Direct) at Summary Page; Ex. 3 (Application) at 5.

[6] *See* Tr. 3-4, 10-11.

[7] The Hearing Examiner recommended that the 2016-2018 average of $38,753 be used to set rates if the Commission instead favored a multi-year normalization adjustment.

[8] *See* Report at 30-31.

The Commission finds that the recommendations made by the Hearing Examiner with regard to the following subjects are appropriate and shall be approved: (i) the weather normalization adjustment;[9] (ii) allocation factors; (iii) revenue apportionment; and (iv) the determination that ANGD affirmatively address any significant proposed departures from ratemaking methodologies or assumptions adopted in prior rate proceedings in future rate case applications.[10]

With regard to regulatory expense, the Commission finds that, for purposes of this proceeding, and based on the specific facts and circumstances in this case, a regulatory expense amount of $50,307 is reasonable and is hereby approved.[11]

Finally, Company witness Horigan calculated ANGD's cost of equity to be between 11.0% and 12.0% and determined that an ROE of 11.5% represents ANGD's cost of equity.[12] Staff witness Gereaux calculated the Company's market cost of equity to be 9.2%, the midpoint of an 8.7% to 9.7% range.[13] Based on the evidence in this proceeding, the Commission agrees with the Hearing Examiner's finding that an ROE range for the Company of 8.70% - 9.70% is appropriate in this instance.[14]

The Commission, however, does not adopt the Hearing Examiner's recommendation to establish the Company's ROE at the very *top* of the range found reasonable herein, nor do we adopt Staff's recommendation to set the ROE at the *midpoint*. Rather, we find that both the Hearing Examiner's and Staff's rationales for choosing a specific ROE within the range supported by the record have merit. In this regard, the Commission concludes that ANGD's unique characteristics (including its relatively small size as related to capitalization and number of customers, as well as the population and economic trends in its service territory) warrant establishing the Company's ROE at 9.4%, which is above the midpoint of the range found reasonable herein, but below the upper limit.

The Commission concludes that this return is supported by a reasonable proxy group, growth rates, discounted cash flow method, and risk premium analyses; is supported by the weight of the evidence in the record; results in a fair and reasonable ROE; and satisfies constitutional standards, including "maintenance of financial integrity, the ability to attract capital on reasonable terms, and earnings commensurate with returns on investments of comparable risk."[15] Conversely, the Commission further finds that ANGD's proposed cost of equity of 11.0% to 12.0% represents neither the actual cost of equity in the marketplace nor a reasonable ROE for the Company.[16]

In addition, an ROE of 9.4%, combined with the Company's equity ratio, produces an overall weighted cost of capital of 8.42%. As Staff notes, this is a significantly higher overall weighted cost of capital than the 6.90% that was approved in ANGD's most recent rate case, when the Company received an 11.50% ROE.[17] We find that approval of an ROE of 9.4% and an overall weighted cost of capital of 8.42% permits the Company to attract capital on reasonable terms, and, as a result, no further size or risk adjustment is warranted at this time.

In sum, revenues of $106,653 for the Appalachian District, and $99,593 for the Bluefield District, which equals a total increase in rates of $206,247 for ANGD, are hereby approved.

Accordingly, IT IS ORDERED THAT:

(1) The Hearing Examiner's Report is adopted in part and rejected in part as set forth herein.

(2) The rates and charges approved herein are fixed and substituted for the rates and terms and conditions of service that the Company placed into effect on an interim basis on and after December 1, 2018. ANGD shall forthwith file revised tariff sheets incorporating the findings herein on rates and charges and terms and conditions of service with the Clerk of the Commission and the Commission's Division of Public Utility Regulation. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case. Refunds of interim rates shall be made as required below.

(3) The Company 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 December 1, 2018, 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.

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[9] The Commission further concurs with the Hearing Examiner that if the Company fails to timely address contested issues in future proceedings, such action may result in a different determination being reached.

[10] The Commission also agrees that new rates and customer refunds based on Staff's regulatory liability calculations and methodology would incorporate the effects of the federal Tax Cuts and Jobs Act.

[11] *See* ANGD Comments to Report at 3; ANGD Post-Hearing Brief at 5-6; Ex. 10.

[12] *See* Ex. 24 (Horigan Rebuttal) at 9-13; Ex. 22 (Ebert Rebuttal) at 2, 4-12.

[13] Ex. 14 (Gereaux Direct) at 8-15.

[14] Hearing Examiner's Report at 21-23.

[15] Ex. 14 (Gereaux Direct) at 9.

[16] Ex. 24 (Horigan Rebuttal) at 4-13.

[17] *See* Ex. 16; *Application of Appalachian Natural Gas Distribution Company, For an Expedited Increase in Rates*, Case No. PUE-2012-00011, 2013 S.C.C. Ann. Rept. 237, Final Order (May 22, 2013).

(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, using the average 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 the 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; however, such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to Code § 55-210.6:2.

(6) Within sixty (60) days of completing the refunds ordered herein, the Company shall deliver to the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance a report showing that all refunds have been made pursuant to this Final Order and detailing the costs incurred in effecting such refunds and the accounts charged.

(7) The Company shall bear all costs incurred in effecting the refunds ordered herein.

(8) This matter is dismissed.

CASE NO. PUR-2018-00018
JANUARY 2, 2019

PETITION OF
APPALACHIAN POWER COMPANY

For revision of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia with respect to the Dresden Generating Plant

FINAL ORDER

On March 29, 2018, Appalachian Power Company ("APCo" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings,[1] and the Commission's Final Order in Case No. PUE-2016-00024,[2] filed with the State Corporation Commission ("Commission") a petition ("Petition") for approval to continue, with modification, a rate adjustment clause, designated the "G-RAC," which is designed to recover the costs of APCo's Dresden Generating Plant ("Dresden"), a 613 megawatt ("MW") natural gas-fired combined cycle generating plant[3] located in Dresden, Ohio, which went into service on January 31, 2012. The initial G-RAC became effective March 1, 2012, pursuant to the Commission's decision in Case No. PUE-2011-00036.[4]

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[1] 20 VAC 5-201-10 *et seq*.

[2] *Petition of Appalachian Power Company, For revision of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia with respect to the Dresden Generating Plant*, Case No. PUE-2016-00024, 2016 S.C.C. Ann. Rept. 382, Final Order (Dec. 30, 2016) ("2016 G-RAC Order").

[3] Dresden has been upgraded from 580 MW to 613 MW capacity. *See* Ex. 4 (Helmick Direct) at 2, as corrected, Tr. 16-17, 20.

[4] *Petition of Appalachian Power Company, For approval of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia to recover the costs of the Dresden Generating Plant*, Case No. PUE-2011-00036, 2012 S.C.C. Ann. Rept. 254 (Jan. 3, 2012) ("2012 G-RAC Order").

In this proceeding, APCo proposes a projected base annual revenue requirement of approximately $28.6 million, for the 12 months ending February 29, 2020, to be recovered through the G-RAC base factor.[5] The Company also seeks recovery, through the true-up factor, of an under-collection of G-RAC-related costs of approximately $5.6 million through February 28, 2018, and a projected adjusted under-recovery of approximately $0.9 million for the period of March 1, 2018, through February 28, 2019.[6] Accordingly, the proposed G-RAC factors, if approved, are expected to recover in total a revenue requirement of approximately $35.1 million for the period of March 1, 2019, through February 29, 2020, which represents an increase to the average residential customer's monthly bill of $0.30, or about 0.3%, when compared to rates effective January 1, 2018.[7] The Company proposes that only the G-RAC base factor would remain in effect after March 1, 2020, until further order of the Commission, and the Company would file its next G-RAC petition no later than August 31, 2019, unless the cumulative over-/under-recovery level exceeds $5 million for each month of two consecutive quarterly reporting periods.[8]

On April 20, 2018, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, established a procedural schedule for this case, directed the Company to provide public notice of its Petition, provided interested persons an opportunity to participate in this proceeding by filing comments or a notice of participation, scheduled an evidentiary hearing, and directed the Commission Staff ("Staff") to investigate the Petition. The Commission also assigned a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

Notices of participation were filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), Steel Dynamics, Inc., the VML/VACo APCo Steering Committee ("Steering Committee"), and the Old Dominion Committee for Fair Utility Rates ("ODCFUR"). In accordance with the Procedural Order, Staff filed its testimony on August 14, 2018. The Company filed its rebuttal testimony on August 28, 2018.

On September 11, 2018, the hearing convened as scheduled. The Company presented a Stipulation, signed by the Company and Staff, recommending an agreed-upon resolution of issues related to the Petition.[9] The Stipulation sets forth an agreed-upon total annual revenue requirement of $35,094,098. As this amount is higher than that requested in the Petition and set forth in the notice provided to the public pursuant to the Commission's Procedural Order, the Company and Staff agree that the projected rate year component should be adjusted to reflect the difference between the agreed-upon G-RAC revenue requirement and the revenue requirement specified in the Petition. Accordingly, the Staff and Company agree to a revenue requirement for the period of March 1, 2019, through February 29, 2020, in the amount of $35,089,090, which comprises an on-going component in the amount of $28,316,600, and a true-up component in the amount of $6,772,490.[10] In addition, Staff and the Company agree that the ROE applicable to the G-RAC (for future true-up purposes) will be based on the Commission's Final Order in Case No. PUR-2018-00048.[11]

Other agreements in the Stipulation include the following: (1) the parties agree to defer the determination of the appropriate capital structure applicable to the G-RAC revenue requirement for costs incurred in calendar year 2018, which will be litigated in the Company's next G-RAC proceeding, when the revenue requirement applicable to calendar year 2018 will be subject to true-up;[12] (2) the true-up component includes excess deferred income tax ("EDIT") on the G-RAC deferral balance (as of December 31, 2017) and the amortization of the associated EDIT over a 12-month period; and (3) the Company will file its next petition for approval of the G-RAC to recover costs associated with Dresden no later than May 1, 2019.[13]

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[5] Ex. 2 (Petition) at 4; Ex. 3 (Sebastian Direct) at 4. The Company calculated its projected revenue requirement using an overall return on equity ("ROE") of 10.4%, which comprises the base ROE of 9.4% approved in Case No. PUE-2016-00038 plus the 100 basis point adder approved in the 2012 G-RAC Order. Ex. 3 (Sebastian Direct) at 8. *See Application of Appalachian Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses*, Case No. PUE-2016-00038, 2016 S.C.C. Ann. Rept. 393, Final Order (Oct. 6, 2016). Simultaneous with filing its Petition in this case, however, the Company filed a petition pursuant to § 56-585.1:1.C.1 of the Code, docketed as Case No. PUR-2018-00048, to determine the fair ROE that will be applicable to rate adjustment clauses under § 56-585.1 A 6 of the Code. On November 7, 2018, the Commission issued its Final Order, finding that 9.42% is the fair ROE to be applied to APCo's rate adjustment clauses under subdivisions A 5 or A 6 of § 56-585.1 of the Code. *Application of Appalachian Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses,* Case No. PUR-2018-00048, Doc. Con. Cen. No. 181120212, Final Order (Nov. 7, 2018).

[6] Ex. 2 (Petition) at 4; Ex. 3 (Sebastian Direct) at 4.

[7] Ex. 2 (Petition) at 4; Ex. 5 (Walsh Direct) at 8. The rates effective January 1, 2018, included the true-up factor approved in the 2016 G-RAC Order, which expired on March 1, 2018.

[8] Ex. 2 (Petition) at 4; Ex. 3 (Sebastian Direct) at 7-8.

[9] *See* Ex. 10 (Stipulation), as corrected at Tr. 21.

[10] Ex. 10 (Stipulation) at 2.

[11] *Id*.

[12] In Staff's calculation of the revenue requirement in this case, Staff used APCo's December 31, 2017 consolidated capital structure, which includes West Virginia securitized debt and the equity investment in the special purpose entity subsidiary associated with the securitized debt, in accordance with the Commission's decision in APCo's 2014 biennial review. Ex. 7 (Maddox) at 4-5. *See Application of Appalachian Power Company, For a 2014 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2014-00026, 2014 S.C.C. Ann. Rept. 392, 398, Final Order (Nov. 26, 2014). Code § 56-585.1 A 10 was revised, effective July 1, 2018, to exclude non-Virginia securitized debt from the ratemaking capital structure. The Company excluded the West Virginia securitized debt from its ratemaking capital structure; however, based on the date APCo filed its Petition, Staff included the West Virginia securitized debt in the capital structure underlying Staff's recommended revenue requirement. Ex. 7 (Maddox) at 5-6.

[13] Ex. 10 (Stipulation) at 3. The Company also agreed to adopt certain recommendations set out in the testimony of Staff witness Clayton, which are listed in Paragraph (11) of the Stipulation.

Respondents Consumer Counsel, Steel Dynamics, Inc., and the Steering Committee did not oppose the Stipulation but are not signatories to it. Respondent ODCFUR opposed the Stipulation on the basis that the revenue requirement in the Stipulation does not incorporate the ROE to be determined by the Commission in Case No. PUR-2018-00048.[14]

On October 2, 2018, the report of Deborah V. Ellenberg, Chief Hearing Examiner ("Report"), was issued. In her Report, the Chief Hearing Examiner recommended that the Commission adopt the Stipulation and approve the G-RAC revenue requirement proposed therein.[15] The Chief Hearing Examiner found that the approved revenue requirement should be no higher than proposed in the Petition and that "[t]he Company can include any variation in its true-up in the next G-RAC proceeding."[16] The Chief Hearing Examiner further found that it is reasonable to defer the determination of whether the ratemaking capital structure should include non-Virginia securitized debt to the next G-RAC proceeding as it would not impact the recommended revenue requirement in this case and can be addressed in a future true-up.[17]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Petition, as modified by the Stipulation, should be granted. We adopt the Chief Hearing Examiner's findings and approve the Stipulation as filed by the Company and Staff.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Petition is granted, as modified by the Stipulation.

(2) The Stipulation is reasonable and hereby is adopted.

(3) APCo shall file a revised Schedule G-RAC and supporting workpapers with the Clerk of the Commission and the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(4) The revised G-RAC, as approved herein, shall become effective for service as requested in the Company's Petition.

(5) The Company shall file its next G-RAC petition on or before May 1, 2019.

(6) This case is dismissed.

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[14] Tr. 8-10.

[15] Report at 1, 10.

[16] *Id.* at 9.

[17] *Id.* at 10.

CASE NO. PUR-2018-00043
JANUARY 31, 2019

PETITION OF
APPALACHIAN POWER COMPANY

For approval of a rate adjustment clause, RPS-RAC, to recover the incremental costs of participation in the Virginia renewable energy portfolio standard program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E

FINAL ORDER

On June 1, 2018, Appalachian Power Company ("APCo" or "Company"), pursuant to §§ 56-585.1 A 5 d and 56-585.2 E of the Code of Virginia ("Code") and the Final Order issued in Case No. PUE-2017-00065,[1] filed with the State Corporation Commission ("Commission") a petition asking the Commission to approve a rate adjustment clause, designated as the RPS-RAC, for recovery of the incremental costs related to the Company's participation in Virginia's Renewable Energy Portfolio Standard Program ("Petition"). APCo requests implementation of its proposed revenue factor effective April 1, 2019, through March 31, 2020 ("2019 Rate Year").

For the 2019 Rate Year, the Company states that it calculated a revenue requirement for the RPS-RAC of $2.1 million, which takes into account: (1) actual and projected costs associated with wind purchased power agreements for the period January 2018 through March 2020; (2) an actual under-recovery balance as of March 31, 2018; (3) actual and projected net proceeds associated with sales of renewable energy credits for April 2018 through March 2020; (4) projected Generation Attribute Tracking System volumetric fees for April 2018 through March 2020; and (5) the projected RPS-RAC payments for the period April 2018 through March 2019.[2]

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[1] *Petition of Appalachian Power Company, For approval of a rate adjustment clause, RPS-RAC, to recover the incremental costs of participation in the Virginia renewable energy portfolio standard program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E*, Case No. PUE-2017-00065, Doc. Con. Cen. No. 180140018, Final Order (Jan. 31, 2018).

[2] Ex. 4 (Nowak Direct) at 3-4.

According to APCo, implementation of its proposed RPS-RAC on April 1, 2019, would decrease the bill of a residential customer using 1,000 kilowatt hours per month by approximately $0.39.[3] While the proposed RPS-RAC would also affect non-residential customer bills, the Company indicates it has not allocated RPS-RAC costs to certain Large Power Service customers identified by Code § 56-585.2 E.[4]

On June 22, 2018, the Commission issued an Order for Notice and Hearing in this proceeding that, among other things, docketed this case; required the Company to provide notice of the Petition; established a schedule for the submission of notices of participation and prefiled testimony; scheduled a hearing on November 7, 2018; and assigned this case to a Hearing Examiner to conduct all further proceedings on the Commission's behalf and to file a final report.

Timely notices of participation were filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), the Old Dominion Committee for Fair Utility Rates ("Committee"), and the VML/VACo APCo Steering Committee ("VML/VACo").

The Commission Staff ("Staff") filed its direct testimony and exhibits on October 2, 2018. On October 9, 2018, the Company filed a letter stating that it did not intend to file rebuttal testimony in this case.

The evidentiary hearing was convened as scheduled. The Company, Staff, Consumer Counsel, Committee, and VML/VACo participated in the hearing. No public witnesses appeared at the hearing.

On November 14, 2018, the Report of A. Ann Berkebile, Hearing Examiner ("Report") was filed. In her Report, the Hearing Examiner found that the new annual revenue requirement for the RPS-RAC is $2,108,135. The Hearing Examiner recommended that the Commission adopt the findings in her Report, approve the updated RPS-RAC, and close the case.[5]

On November 15, 2018, Consumer Counsel filed comments supporting the Hearing Examiner's recommendation. No other parties filed comments on the Report.

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

Accordingly, IT IS ORDERED THAT:

(1) The Company's Petition is granted.

(2) The revised RPS-RAC, as approved herein, shall become effective for service rendered on and after April 1, 2019.

(3) The Company shall file its next RPS-RAC petition on or before May 31, 2019.

(4) This matter is dismissed.

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[3] Petition at 3-4.

[4] *Id.* at 2; Ex. 4 (Nowak Direct) at 5.

[5] Report at 5.

CASE NO. PUR-2018-00048
JANUARY 25, 2019

APPLICATION OF
APPALACHIAN POWER COMPANY

For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses

OPINION

On March 29, 2018, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") an application for the determination of a fair rate of return on common equity ("ROE"). Pursuant to Code § 56-585.1:1 C 3, the approved ROE will be used for: (i) rate adjustment clauses under Code §§ 56-585.1 A 5 and A 6; and (ii) the Company's next statutory earnings review.

Appalachian requested an ROE of 10.22%. In its Final Order of November 7, 2018 ("Final Order"), the Commission approved an ROE of 9.42%. On December 7, 2018, the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), filed a Notice of Appeal.

NOW THE COMMISSION, under Code § 12.1-39, hereby "file[s] in the record of the case a statement of the reasons upon which the action appealed from was based."

The Commission's analysis follows and is consistent with the two-step structure of prior orders for approving an ROE pursuant to the methodology set forth in Code §§ 56-585.1 A 2 a and b.[1] First, the Commission exercises its discretion in determining a fair market cost of equity.[2] Second, the Commission exercises its discretion in determining a statutory ROE peer group floor.[3] This Opinion specifically addresses these steps as they apply to Appellant Consumer Counsel's requests in this proceeding.

First, Consumer Counsel's witness, Dr. J. Randall Woolridge, presents testimony on the market cost of equity: "Dr. Woolridge's analysis for a market cost of equity produces a range of 7.6 to 9.1 percent. And then, within this range … Dr. Woolridge supports a finding that the market cost of equity is 8.8 percent."[4] Appalachian produces a range of 9.62% to 10.82% and supports a market cost of equity of 10.22%.[5] The Commission's Staff ("Staff") produces a range of 8.5% to 9.5% and supports a market cost of equity of 9.2%.[6] The Commission finds that the Company's proposed ROE is not reasonable for this purpose and concludes, as presented in Staff's testimony and exhibits, that a market cost of equity within a range of 8.5% to 9.5% fairly represents the actual cost of equity in capital markets for companies comparable in risk to Appalachian seeking to attract equity capital.[7] The Commission also finds that it is reasonable to use, within that range, an ROE of 9.2%, which is supported by Staff's analyses (as with the entire range), as well as the concept of gradualism.[8]

Second, based on the evidence in this case, "the [statutory] floor can be established as low as 9.17% or as high as 10.88%."[9] Consumer Counsel and Staff calculate a peer group floor of 9.17%, based on the *year-end* common equity of 12 peer group utilities.[10] The Company, however, notes that the Commission has previously found – in multiple cases – that it is reasonable to use *average* common equity in determining a peer group floor.[11] Thus, using the *average* common equity of the same 12 peer utilities, Appalachian calculates a statutory floor of 9.42%.[12]

Consumer Counsel acknowledges that "the Code clearly leaves the selection of a *year-end* versus *average* equity methodology to the Commission's discretion."[13] In the instant case, Consumer Counsel supports a switch to *year-end* equity because it results in a lower ROE that is closer to its recommended market cost of equity.[14] Appalachian, however, testified that it is still reasonable to use average equity because, among other things, the return on the *average* balance "matches the income flow over the entire period with the representation of the account balance over the same period."[15] The Commission finds that Appalachian's testimony provides a reasonable basis to continue to use average equity in this case. In addition, using average equity also results in a peer group floor that falls within the market cost of equity range (8.5% to 9.5%) that the Commission finds reasonable in this proceeding.[16] Accordingly, the Commission exercises its discretion and finds that it is reasonable to establish the statutory ROE floor at 9.42%.

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[1] *See, e.g., Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses*, Case No. PUR-2017-00038, Final Order (Nov. 29, 2017); *Application of Appalachian Power Co., For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses*, Case No. PUE-2016-00038, Final Order (Oct. 6, 2016); *Application of Appalachian Power Co., For a 2014 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2014-00026, Final Order (Nov. 26, 2014); *Application of Appalachian Power Co., For a 2011 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00037, Final Order (Nov. 30, 2011).

[2] *See* Final Order at 3-5.

[3] *See id.* at 5-7.

[4] Tr. 22 (Burton). *See also* Ex. 5 (Woolridge) at 50.

[5] *See* Ex. 3 (McKenzie) at 13.

[6] *See* Ex. 6 (Gereaux) at 20.

[7] *See also* Final Order at 4-5.

[8] *See id.* at 4.

[9] Ex. 6 (Gereaux) at 16.

[10] *See* Ex. 5 (Woolridge) at 81-82; Ex. 6 (Gereaux) at 18.

[11] *See* Ex. 7 (McKenzie Rebuttal) at 8; Tr. 14 (Coates). Indeed, the Commission used *average* common equity for this purpose in all of the cases cited in footnote 1, above. *See also* Final Order at 6.

[12] *See* Ex. 7 (McKenzie Rebuttal) at 9.

[13] Tr. 126 (Burton) (emphasis added).

[14] *See* Ex. 5 (Woolridge) at 82; Tr. 23-24 (Burton). The Company notes that both Consumer Counsel and Staff supported the use of average common equity in prior cases. *See* Tr. 13 (Coates).

[15] *See* Ex. 7 (McKenzie Rebuttal) at 6-9.

[16] *See also* Final Order at 6.

In sum, the Commission recognizes that "'[t]here is no single scientific correct rate of return.'"[17] We agree with Consumer Counsel that the Commission has the discretion to determine a market cost of equity and a peer group floor based on the evidence and within the parameters set forth in the statute. We find that the evidence supports a market cost of equity in the range of 8.5% to 9.5%, and that it is reasonable to use 9.2% for this purpose. We also find that there is evidence to support a statutory peer group floor of 9.42%, and that it is reasonable to use *average* common equity for this purpose as the Commission has chosen to use in all prior cases under this statute. As a result, having determined a reasonable peer group floor in this matter, the Commission approves an ROE of 9.42% in accordance with the requirements set forth in Code §§ 56-585.1 A 2 a and b.

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[17] *Commonwealth ex rel. Div. of Consumer Counsel v. Potomac Edison Co.*, 233 Va. 165, 171 (1987) (quoting *Central Tel. Co. of Va. v. State Corp. Comm'n*, 219 Va. 863, 874 (1979)). *See also id.* ("Here, the rate of return was within the range recommended by the experts. Moreover, the Commission recited the factors and policy considerations that led to its decision as to the appropriate rate of return on common equity and, in turn, the overall rate of return.").

CASE NO. PUR-2018-00053
JUNE 17, 2019

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In the matter concerning the implementation by Virginia Electric and Power Company d/b/a Dominion Energy Virginia of customer bill credits pursuant to Enactment Clause Nos. 4 and 5 of Senate Bill 966

ORDER CLOSING CASE

During its 2018 Session, the Virginia General Assembly enacted Senate Bill 966 (the "Bill"). The Bill was signed into law by the Governor of Virginia on March 9, 2018, as Chapter 296 of the 2018 Acts of Assembly. The Bill became effective July 1, 2018.

Among its provisions, Enactment Clause No. 4 of the Bill required Virginia Electric and Power Company ("DEV"), "no later than 30 days following July 1, 2018" to "provide to its current customers a one-time, voluntary generation and distribution services bill credit, to be allocated on a historic test period energy usage basis, in an aggregate amount of $133 million." Further, Enactment Clause No. 5 of the Bill required DEV "no later than 30 days after January 1, 2019" to "provide to its current customers a one-time, voluntary generation and distribution services bill credit, to be allocated on a historic test period energy usage basis, in an aggregate amount of $67 million[.]"

On April 16, 2018, the State Corporation Commission ("Commission") entered its Order Directing Compliance Filings ("Compliance Order"), establishing this docket and directing DEV to make compliance filings implementing the required bill credits. The first filing was to be made within 30 days of the date of the Compliance Order and the second filing was to be made on or before November 15, 2018, with the two filings implementing bill credits in the total amount of $200 million. DEV has made the filings and implemented the bill credits as directed by the Bill and the terms of the Compliance Order. The Commission finds there is nothing remaining to be accomplished in this docket.

Accordingly, IT IS ORDERED THAT this matter is dismissed.

CASE NO. PUR-2018-00054
MARCH 8, 2019

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

Ex Parte: In the matter concerning the implementation by Appalachian Power Company d/b/a American Electric Power-Virginia of reductions in rates for generation and distribution services pursuant to Enactment Clause Nos. 6 and 7 of Senate Bill 966

FINAL ORDER

During its 2018 Session, the Virginia General Assembly enacted Senate Bill 966 (the "Bill"). The Bill was signed into law by the Governor of Virginia on March 9, 2018, as Chapter 296 of the 2018 Acts of Assembly. The Bill became effective July 1, 2018.

Among its provisions, Enactment Clause 6 of the Bill directs the State Corporation Commission ("Commission") to:

> implement adjustments in the rates for generation and distribution services of incumbent electric utilities, as defined in § 56-576 of the Code of Virginia, effective April 1, 2019, to reflect the actual annual reductions in corporate income taxes to be paid by such utilities pursuant to the provisions of the federal Tax Cuts and Jobs Act of 2017 (P.L. 115-97) and as of the effective date of such act.

Enactment Clause No. 7 of the Bill directs, in advance of the Commission's determination as to rate reductions pursuant to Enactment Clause No. 6, Appalachian Power Company ("APCo" or "Company") to "reduce its existing rates for generation and distribution services on an interim basis, within 30 days of July 1, 2018" by an amount "sufficient to reduce its annual revenues from such rates by an aggregate amount of $50 million." The amount of the identified rate reduction is "attributable to reductions in the corporate income tax obligations of the utility pursuant to the provisions of the federal Tax Cut and Jobs Act of 2017[.]"

Enactment Clause No. 7 further states:

> In implementing any further reductions to the rates for generation and distribution services of . . . [APCo] effective April 1, 2019, pursuant to the sixth enactment of this act, the Commission shall consider this interim revenue requirement reduction, and its actions shall be limited to a true-up of this interim reduction amount to the actual annual reduction in corporate tax obligations of such utility as of the effective date of the federal Tax Cuts and Jobs Act of 2017. . . .

On April 16, 2018, the Commission issued an Order Directing Compliance Filings to Reflect Reductions in Federal Income Taxes ("April 16, 2018 Order") pursuant to Enactment Clause No. 7 of the Bill. As directed by the April 16, 2018 Order, APCo submitted the required compliance filing on May 11, 2018, with revised tariffs and workpapers implementing the rate reductions directed in Enactment Clause No. 7.

On September 11, 2018, the Commission issued an Order Establishing Further Proceedings ("September 11, 2018 Order"), which directed APCo to file certain information ("Filing") to enable the Commission to "implement adjustments in the rates for generation and distribution services of incumbent electric utilities" as directed by Enactment Clause No. 6 of the Bill. In its September 11, 2018 Order, the Commission also, among other things, directed APCo to provide public notice of its Filing; scheduled a public hearing for the purpose of receiving testimony and exhibits on the Company's Filing; provided interested persons an opportunity to file comments on the Filing or to participate as respondents in this proceeding; directed the Commission's Staff ("Staff") to investigate the Filing and file testimony and exhibits containing its findings and recommendations; and assigned a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations ("Report").

Notices of participation were filed by the Old Dominion Committee for Fair Utility Rates ("Committee"); Steel Dynamics, Inc.; the VML/VACo APCo Steering Committee ("Steering Committee"); and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel").

On October 9, 2018, the Company made its Filing as directed in the Commission's September 11, 2018 Order.[1] APCo, the Committee and Staff filed testimony in this matter. A public evidentiary hearing was convened on January 8, 2019. Counsel for APCo, the Committee, the Steering Committee, Consumer Counsel, and Staff appeared at the hearing.

On January 31, 2019, the Hearing Examiner filed her Report. In the Report, the Hearing Examiner made the following findings and recommendations: (i) APCo's annual tax expense reduction should be $39.85 million; (ii) APCo's protected EDIT amortization should be $8.7 million annually; (iii) APCo's unprotected EDIT balance should be $93.57 million; (iv) APCo's regulatory liability balance should be $23 million; (v) the annual tax expense reduction and the protected EDIT amortization should be implemented through a reduction to the Company's generation and distribution tariff rates, effective April 1, 2019; (vi) the unprotected EDIT balance should be amortized over a three-year period and implemented through the Company's Rider T.R.R.; (vii) regulatory liability should be returned as a one-time credit to customers by September 30, 2019; (viii) prior to issuance of the regulatory liability credit, APCo should work with Staff to determine an appropriate methodology for determining individual customer credits; and (ix) the reductions should be functionalized in accordance with the percentage reduction factors for generation and distribution recommended by the Committee, on a prospective basis.

On February 14, 2019, APCo, Consumer Counsel, the Committee, the Steering Committee, and Staff filed comments on the Hearing Examiner's Report. Among other things, it was clarified in comments that APCo's annual tax expense reduction was inadvertently miscalculated in the Report and should instead be $40,244,958.[2]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Hearing Examiner's Report should be adopted for the reasons set forth therein, except that APCo's annual tax expense reduction should be $40,244,958.

Accordingly, IT IS ORDERED THAT:

(1) The Hearing Examiner's Report is adopted as set forth herein.

(2) The adjustments in rates for generation and distribution services approved herein shall be effective for service rendered on and after April 1, 2019.

(3) The Company forthwith shall file revised base rate tariffs and rate schedules, including revised Rider T.R.R., and workpapers, supporting the rate adjustments approved herein with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(4) APCo shall work with Staff to determine an appropriate methodology for determining individual customer credits, and the Company shall submit the final regulatory liability amount for the 15-month period of January 1, 2018, to March 31, 2019, to Staff for review prior to the implementation of any customer credits.

(5) The regulatory liability amount should be returned as a one-time credit to customers on or before September 30, 2019.

(6) This case is dismissed.

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[1] On September 19, 2018, APCo filed a Petition for Approval of a Rider ("Petition"). APCo requested expedited consideration of a request to implement the Accelerated Tax Rate Reduction Rider ("Rider A.T.R.R.") to reduce the Company's annual revenues by $55 million associated with "unprotected" excess accumulated deferred federal income taxes ("EDIT"). On September 27, 2019, Staff filed a response to the Petition, stating that it did not object to the relief requested in the Petition. The Hearing Examiner issued a Ruling recommending that Rider A.T.R.R. be approved and, on October 10, 2018, the Commission issued an Order on Petition for Rider approving Rider A.T.R.R. effective for service rendered on and after November 1, 2018.

[2] *See* APCo's Comments on Report at 2; Staff's Comments on Report at 1.

CASE NO. PUR-2018-00055
MARCH 8, 2019

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

Ex Parte: In the matter concerning the implementation by Virginia Electric and Power Company d/b/a Dominion Energy Virginia of reductions in rates for generation and distribution services pursuant to Enactment Clause Nos. 6 and 7 of Senate Bill 966

FINAL ORDER

During its 2018 Session, the Virginia General Assembly enacted Senate Bill 966 ("Senate Bill 966"), which was signed into law by the Governor of Virginia on March 9, 2018, as Chapter 296 of the 2018 Acts of Assembly. Senate Bill 966 became effective July 1, 2018.

Among the provisions of Senate Bill 966, Enactment Clause No. 6 directs the State Corporation Commission ("Commission") to:

> implement adjustments in the rates for generation and distribution services of incumbent electric utilities, as defined in § 56-576 of the Code of Virginia, effective April 1, 2019, to reflect the actual annual reductions in corporate income taxes to be paid by such utilities pursuant to the provisions of the federal Tax Cuts and Jobs Act of 2017 (P.L. 115-97) and as of the effective date of such act.

Enactment Clause No. 7 of Senate Bill 966 directs, in advance of the Commission's determination as to rate reductions pursuant to Enactment Clause No. 6, Dominion Energy Virginia ("Dominion" or "Company") to "reduce its existing rates for generation and distribution services on an interim basis, within 30 days of July 1, 2018," by an amount "sufficient to reduce its annual revenues from such rates by an aggregate amount of $125 million." The amount of the identified rate reduction is "attributable to reductions in the corporate income tax obligations of the utility pursuant to the provisions of the federal Tax Cut and Jobs Act of 2017[.]"

Enactment Clause No. 7 further states:

> In implementing any further reductions to the rates for generation and distribution services of . . . [Dominion] effective April 1, 2019, pursuant to the sixth enactment of this act, the Commission shall consider this interim revenue requirement reduction, and its actions shall be limited to a true-up of this interim reduction amount to the actual annual reduction in corporate tax obligations of such utility as of the effective date of the federal Tax Cuts and Jobs Act of 2017. . . .

On April 16, 2018, the Commission issued an Order Directing Compliance Filings to Reflect Reductions in Federal Income Taxes ("Compliance Order") pursuant to Enactment Clause No. 7 of Senate Bill 966. As directed by the Compliance Order, Dominion submitted the required compliance filing on May 16, 2018, with revised tariffs and workpapers implementing the rate reductions directed in Enactment Clause No. 7 pursuant to the Tax Cuts and Jobs Act of 2017 ("TCJA"). Dominion subsequently filed certain revised tariff sheets and revised workpapers on June 14, 2018.

On September 11, 2018, the Commission issued an Order Establishing Further Proceedings, which directed Dominion to "file with the Commission certain information ('Filing') to enable the Commission to 'implement adjustments in the rates for generation and distribution services of incumbent electric utilities' as directed by Enactment Clause No. 6" of Senate Bill 966. The Order Establishing Further Proceedings, among other things, scheduled a public evidentiary hearing, gave interested persons the opportunity to comment on, or participate in, the proceeding; directed the Commission's Staff ("Staff") to investigate the Filing and file testimony and exhibits containing its findings and recommendations; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

Notices of participation were timely filed by the Virginia Committee for Fair Utility Rates ("Committee") and the Office of Attorney General's Division of Consumer Counsel ("Consumer Counsel"). On October 9, 2018, pursuant to the Order Establishing Further Proceedings, Dominion made the required Filing, which consisted of direct testimony and schedules supporting the Company's proposed annual revenue reduction. On November 30, 2018, Staff filed the testimony of Brian S. Pratt and Kent K. Peterson. On December 21, 2018, the Company filed the testimony of its rebuttal witnesses. On January 7, 2019, the Company filed corrected rebuttal testimony proposing a revised annual revenue reduction. On January 11, 2019, Staff filed the Supplemental Testimony of Kent K. Peterson.

The Chief Hearing Examiner convened a public and evidentiary hearing on January 14, 2019. Dominion, the Committee, Consumer Counsel, and Staff participated in the hearing.

On January 31, 2019, the Chief Hearing Examiner issued the Report of Alexander F. Skirpan, Jr., Chief Hearing Examiner ("Report") in this proceeding. In his Report, the Chief Hearing Examiner made the following findings and recommendations: (1) the recommended annual revenue reduction for base rate generation and distribution services for Virginia jurisdictional customers is $186.882 million; (2) the recommended annual revenue reduction reflects the elimination of the $67 million reserve for the one-time bill credit to be paid to customers in January 2019 pursuant to Enactment Clause No. 5 of Senate Bill 966, which increases the annual revenue reduction recommended by the Company by $11.764 million; (3) the recommended annual revenue reduction reflects the elimination of the impact of the Domestic Production Activities Deduction ("DPAD") on state income taxes, which increases annual revenue reduction recommended by the Company by $4.308 million; (4) the recommended annual revenue reduction reflects the Company's proposed adjustment for financing costs on EDIT amortization, which decreases the annual revenue reduction recommended by Staff by $3.152 million; (5) the true-up of the interim reduction should follow the methodology presented by Company witness Haynes and be based on an annual revenue reduction of $186.882 million, as well as actual billing and usage information during the January 1, 2018, through March 31, 2019 true-up period; and (6) the Commission should allocate the annual revenue reduction in this case based on Staff's proposed functionalization methodology, including the functionalization of non-rate schedule charges.[1]

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[1] Report at 32-33.

On February 14, 2019, Dominion, Consumer Counsel, the Committee, and Staff filed comments on the Chief Hearing Examiner's Report. On February 22, 2019, Dominion filed an update to the Company's Comments to confirm that on February 15, 2019, the Governor signed tax legislation referenced by the Company in its Comments. Specifically, the Virginia General Assembly had passed legislation on February 13, 2019, amending § 58.1-301 of the Code of Virginia to eliminate state-level DPAD, effective for taxable years beginning on or after January 1, 2018.[2] Because the legislation contained an emergency clause, it became effective February 15, 2019.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the findings and recommendations of the Chief Hearing Examiner's Report should be adopted for the reasons set forth therein, except for Recommendation (3) of the Report. With the Governor's approval of HB 2529 on February 15, 2019, which eliminates state-level DPAD to conform to the TCJA, we find that it is appropriate to decrease the Company's annual revenue reduction by $4.308 million. Accordingly, we find that the Company's annual revenue reduction for base rate generation and distribution services for Virginia jurisdictional customers due to the TCJA is $182.574 million.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Chief Hearing Examiner's Report are adopted as modified herein.

(2) In accordance with Enactment Clause 6 of Senate Bill 966, the Company shall implement adjustments in its base rates for generation and distribution service to reflect an annual revenue reduction for Virginia jurisdictional customers in the amount of $182.574 million, effective for service rendered on and after April 1, 2019.

(3) The Company forthwith shall file revised base rate tariffs and rate schedules, and workpapers, supporting the rate adjustments approved herein with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(4) The Company shall submit the final amount for the true-up of the interim base rate reduction for the 15-month period of January 1, 2018, to March 31, 2019, to Staff for review prior to the implementation of any customer credits.

(5) The true-up of the interim base rate reduction should be returned as a one-time credit to customers on or before July 1, 2019.

(6) This case is dismissed.

[2] Dominion Comments at 13.

CASE NO. PUR-2018-00065
JUNE 27, 2019

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 May 1, 2018, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") the Company's 2018 Integrated Resource Plan ("IRP") pursuant to Code § 56-597 *et seq*. Dominion's 2018 IRP encompasses the planning period from 2019 to 2033.

On May 7, 2018, the Commission issued an Order for Notice and Hearing that, among other things: established a procedural schedule; set an evidentiary hearing date; directed Dominion to provide public notice of its IRP; and provided any interested person an opportunity to file comments on the Company's IRP, or to participate in the case as a respondent by filing a notice of participation. Notices of participation were filed by Appalachian Voices ("Environmental Respondents"); the Virginia Chapter of the Sierra Club; the Board of Supervisors of Culpeper County, Virginia ("Culpeper County"); the Mid-Atlantic Renewable Energy Coalition ("MAREC"); the Solar Energy Industries Association ("SEIA"); the Virginia Committee for Fair Utility Rates ("Committee"); Sandra L. Meyer, Trustee of the Meyer Family Trust ("Meyer Trust"); and the Virginia Office of the Attorney General, Division of Consumer Counsel.

On September 24, 2018, the Commission convened a hearing on the Company's 2018 IRP.[1] During the hearing, the Commission received the testimony of public witnesses.[2] The Commission also received testimony and exhibits from Dominion, respondents, and Staff. The hearing concluded, after closing arguments, on September 27, 2018.

[1] Commission Staff ("Staff") and all parties except Culpeper County, the Committee, and the Meyer Trust participated in the hearing.

[2] Tr. 12-50. The Commission also received public comments filed pursuant to the Order for Notice and Hearing.

On December 7, 2018, the Commission issued an Order, which determined that the Company had failed to establish that its 2018 IRP satisfied statutory and regulatory requirements.[3] Accordingly, the Commission ordered that "the Company shall re-run and re-file the corrected results of its 2018 IRP within 90 days from the date of this Order, subject to the requirements of this Order."[4]

On February 12, 2019, the Commission issued an Order Establishing Schedule for Continuation of Proceeding, which established a procedural schedule for the remainder of this proceeding.

On March 7, 2019, Dominion filed an amendment to its 2018 IRP ("March Filing") as ordered by the Commission.

On May 8, 2019, the Commission reconvened the hearing on the Company's 2018 IRP.[5] During the hearing, the Commission received the testimony of public witnesses.[6] The Commission also received testimony and exhibits from Dominion, respondents, and Staff. The hearing concluded with closing arguments.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Legal Sufficiency of Dominion's 2018 IRP, as Amended

Pursuant to § 56-599 C of the Code, the Commission must, after giving notice and an opportunity to be heard, determine whether Dominion's IRP is reasonable and in the public interest. The Commission finds that the Company's 2018 IRP, as originally filed on May 1, 2018, and amended on March 7, 2019: (1) complies with the directives in the Commission's December 2018 Order; and (2) is reasonable and in the public interest for the specific and limited purpose of filing the planning document as mandated by § 56-597 *et seq.* of the Code.[7]

A primary purpose of an IRP, however, is to give the public – which includes customers and the legislators who represent them – a reasonably accurate picture of the probable costs that customers will pay in the future to receive a reliable supply of electrical power, which is essential to modern life and commerce. As detailed below, the instant IRP, while it meets the minimum legal and regulatory requirements, may significantly understate the costs facing Dominion's customers.

This understatement of future customer costs is particularly acute given that Dominion's IRP does not include – appropriately – the multi-billion dollar costs of the statutorily mandated coal-ash removal passed by the 2019 General Assembly and signed by the Governor,[8] which Dominion will collect from customers through a rate adjustment clause ("RAC"), as well as other environmental costs, also eligible for RAC recovery.[9] Further, Dominion is planning to spend several billion dollars (described below) on transmission and distribution projects not included in the 2018 IRP, most if not all of which will also be eligible for RAC recovery.

In sum, we approve Dominion's IRP as legally sufficient, and we recognize the appropriateness of spending on capital projects when need is proven by factual evidence in actual cases. We do not, however, express approval in this Final Order of the magnitude or specifics of Dominion's future spending plans, the costs of which will significantly impact millions of residential and business customers in the monthly bills they must pay for power.

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[3] *Commonwealth of Virginia, ex rel. State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUR-2018-00065, Doc. Con. Cen. No. 181210172, Order at 2-3 (Dec. 7, 2018) ("December 2018 Order").

[4] *Id*. at 5.

[5] Staff and all parties except Culpeper County, the Committee, MAREC, SEIA, and the Meyer Trust participated in the hearing. At the hearing, it was noted that as this proceeding began in early 2018 and the first evidentiary hearing took place in September 2018, Commissioner West, who took office in March of this year, would not participate.

[6] Tr. 1017-1044.

[7] Consistent with prior orders issued under these provisions of the Code, we reiterate that approval of an IRP does not create a presumption that resource options contained in the approved IRP will be approved in a future certificate of public convenience and necessity ("CPCN"), rate adjustment clause, fuel factor, or other type of proceeding governed by different statutes. *See, e.g., Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.,* Case No. PUR-2017-00051, Doc. Con. Cen. No. 180320095, Order at 3 (Mar. 12, 2018); *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.,* Case No. PUE-2016-00049, 2016 S.C.C. Ann. Rept. 405, 406, Final Order (Dec. 14, 2016); *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2011-00092, 2012 S.C.C. Ann. Rept. 296, 296, Final Order (Oct. 5, 2012); *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Appalachian Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.,* Case No. PUE-2009-00097, 2010 S.C.C. Ann. Rept. 387, 389, Final Order (Aug. 6, 2010); *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2009-00096, 2010 S.C.C. Ann. Rept. 385, 387, Final Order (Aug. 6, 2010).

[8] Senate Bill 1355, 2019 Acts ch. 651.

[9] This IRP is a snapshot in time that predates such legislation. Also, this IRP does not model integrated transmission and distribution plans. *See, e.g.,* Tr. 1092-1093. As projects in one area increasingly create or extinguish projects in another, there is a need to require expansion of the IRP to include at a minimum distribution plans. Indeed, Senate Bill 966 (cited and discussed further, below) now requires future IRPs to include "[l]ong-term electric distribution grid planning and proposed electric distribution grid transformation projects." Code § 56-599 B 10.

Costs above the Least-Cost Plan

The Commission requires Dominion and other utilities to include a true least-cost plan in each IRP filing. This plan is necessary to enable the public to know the *additional* costs of various planning scenarios. While the least-cost plan is sometimes dismissed as "unrealistic," it does show the least cost at which a reliable supply of electrical power *could* be obtained, without the costs of various legislative requirements and the Company's corporate goals. The least-cost plan is a valid benchmark against which to gauge the incremental costs of these public policies and investment goals.

As amended as required by the Commission's December 2018 Order, the Company's least-cost plan includes substantially fewer new plants to be built and is significantly less expensive for customers. For example, the Company's amended least-cost plan calls for more than 5,000 fewer megawatts ("MW") of new resources over 15 years, compared to the originally-filed least-cost plan, a reduction of more than 50 percent.[10] The amended plan is also nearly $8 billion less expensive over 15 years on a net present value ("NPV") basis, compared to the originally-filed least-cost plan.[11]

Costs of Senate Bill 966

In the Commission's order approving Dominion's 2017 IRP, issued March 12, 2018, we directed the Company to model the costs of the various mandates contained in Senate Bill 966,[12] which was passed by the General Assembly in 2018 and signed by the Governor.[13]

Dominion did so. The facts show that, compared to the least-cost plan, the various provisions of Senate Bill 966 will cost customers the following on an NPV basis:[14]

- With respect to the Company's distribution line undergrounding program, called its Strategic Undergrounding Program ("SUP"), the incremental NPV cost is approximately $1.4 billion[15] compared to the least-cost plan.[16]

- With respect to the Company's plan for electric distribution Grid Transformation projects, the incremental NPV cost is approximately $2.2 billion[17] compared to the least-cost plan.[18]

- Together, the incremental NPV costs of deploying 5,000 MW of solar photovoltaic ("PV") resources, a 30 MW battery storage pilot and the 12 MW Coastal Virginia Offshore Wind demonstration project, is approximately $1.5 billion compared to the least-cost plan.[19]

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[10] *See, e.g.,* Ex. 70 (Abbott) at 7-10.

[11] *Id.* at 6.

[12] Dominion filed a legal memorandum ("Dominion's Legal Memorandum") with its March 7, 2019 filing objecting to the use of the word "mandate." Dominion stated that Senate Bill 966 contains several provisions that have different legal standards for approval in either a CPCN or RAC proceeding and are not all "mandates" in a legal sense. We agree that Senate Bill 966 contains numerous provisions that, when it comes time to consider a CPCN or RAC for a specific project, will be governed by the legal standard applicable to that specific proceeding and those legal standards are not all identical. For example, the legal standard in Senate Bill 966 governing the Strategic Undergrounding Program is different from the standard governing Grid Transformation projects, as reflected in the actual decisions the Commission has issued in which we applied each standard. *See* Case Nos. PUR-2018-00042 and PUR-2018-00100. As noted above, the Commission has repeatedly stated that an IRP is a planning document only, and approval of an IRP does not constitute approval of any CPCN or RAC for any asset contained in an IRP. Because the IRP is a planning document, the use of the word "mandate" in this context is descriptive and simply means that Dominion should model the costs of the various provisions of Senate Bill 966 that were listed by the Commission. Whether such provisions are described as "mandates" or as synonyms such as "directives," "instructions," "requirements" or "edicts," they are more than "suggestions," and the cost of each should be modeled as accurately as possible.

[13] 2018 Acts ch. 296. Senate Bill 966 is also referred to as the "Grid Transformation and Security Act."

[14] In order to compare various plans in the IRP, future costs are discounted back to a common point in time producing the NPV cost. The NPV cost does not reflect the full lifetime revenue requirement, including financing costs, of the investments which will be higher than the NPV cost.

[15] Under Senate Bill 966, the Commission is required to approve recovery of SUP costs, subject to certain spending limits and outage requirements. *See* Code § 56-585.1 A 6. The Commission most recently approved updated Rider U in Case No. PUR-2018-00042, the Company's fourth Rider U application. In doing so, the Commission found the lifetime revenue requirement of the entire SUP is approximately $5.8 billion, which includes recovery of costs and a return on equity on approximately $2 billion of capital costs. The Commission further found that Dominion estimates that by 2028, the total Rider U impact on a monthly residential bill will be $5.16. *See Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing February 1, 2019*, Case No. PUR-2018-00042, Doc. Con. Cen. No. 181220181, Final Order (Dec. 19, 2018).

[16] March Filing at 18.

[17] The Commission considered the Company's first plan for electric distribution Grid Transformation projects ("Grid Plan") in Case No. PUR-2018-00100. While approving proposed cyber and physical security elements and certain related telecommunications elements, the Commission found the remaining costs had not been shown by Dominion to be reasonable and prudent. The Commission found that if the total Grid Plan had been approved, the lifetime revenue requirement of these investments would have been approximately $6 billion, including financing costs. *See Petition of Virginia Electric and Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2018-00100, Doc. Con. Cen. No. 190130074, Final Order (Jan. 17, 2019).

[18] March Filing at 18.

[19] *Id.*

- In total, if implemented, the provisions contained in Senate Bill 966 are almost $6 billion more expensive than the least-cost plan on an NPV cost basis.[20]

Cost of Dominion's Investment Plans

On March 25, 2019, Dominion made a presentation to Wall Street investors, known as its "Investors Day Presentation,"[21] that described its investment plans for the next five years. Dominion was not directed by our December 2018 Order to include such information in its March 7, 2019 amended filing that was to correct its 2018 IRP, but this information is essential to developing an accurate picture of what Dominion's customers most likely face in terms of costs in the years to come.[22]

In this regard, the cost of Dominion's investment plans is substantially higher than even the highest cost scenario contained in its amended 2018 IRP.[23] For example, over the next five years, the Investors Day Presentation calls for:

- Additional investment of $1.5 billion in Company-build solar PV investment not included in any plan contained in the amended 2018 IRP and $3.7 billion more solar investment compared to the least-cost plan.[24]

- Additional investment of $0.8 billion in offshore wind investment not included in any plan contained in the amended 2018 IRP and $1.1 billion more wind investment compared to the least-cost plan.[25]

- An additional $1 billion in investment in a Pumped Storage Facility not included in any plan in the amended 2018 IRP.[26]

- Continued investment in nuclear relicensing in the amount of $1.2 billion.[27]

In addition to these generating resources, the Investors Day Presentation calls for investment of $4.3 billion in transmission facilities; $1.7 billion in distribution infrastructure and growth of future customer spend; and $1.6 billion in Grid Transformation investment.[28] In total, the Investor Day Presentation included approximately $16.4 billion in capital investment. The Company further acknowledged that the majority of these costs are eligible to be recovered from customers through a RAC.[29]

These costs will likely have a significant impact on the rates that customers will pay in their monthly bills over the next five years and beyond. The evidence in this regard showed the following:

- The Investors Day Presentation spending results in an incremental increase to Virginia jurisdictional rate base of $12.1 billion by December 31, 2023, an increase of approximately 67 percent above jurisdictional rate base of $18 billion as of December 31, 2018.[30]

- The $12.1 billion increase to Virginia jurisdictional rate base, before consideration of anticipated offsetting decreases to rates, would result in an estimated monthly increase of *$29.37* for a "typical residential customer" using 1,000 kilowatt hours per month.[31]

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[20] *Id.*

[21] Exhibit 60.

[22] *See also* Tr. 1092-1093.

[23] *See, e.g.,* Ex. 70 (Abbott) at 32.

[24] *Id.* Of this $3.7 billion (on a total Company basis), the Company anticipates $1.3 billion will be recovered through voluntary ring-fenced arrangements with individual customers, and $2.4 billion would be recovered through customer rates. Ex. 60 at 39.

[25] Ex. 70 (Abbott) at 32.

[26] *Id.*

[27] *Id.*

[28] *Id.*

[29] Tr. 1092-1104. As mentioned below, of the $16.4 billion in planned capital investment, $12.1 billion is Virginia jurisdictional.

[30] Ex. 72 at 2-3; Ex. 73 at Schedule 2.

[31] *Id*. The Company projects that expected decreases to rate base, along with lower fuel costs, will partially mitigate the impact on customers' bills. We note, however, that future changes in fuel costs are uncertain due to a variety of factors that are independent of Dominion's capital cost recovery amounts. While solar and wind generation have no fuel costs, needed back-up generation, primarily gas, does. In addition, this estimated monthly bill increase does not include the cost impact of Senate Bill 1355, passed by the 2019 General Assembly and signed by the Governor (the coal ash removal legislation), which is estimated at several billion dollars.

Early Shutdowns of Existing Generating Plants

Dominion has closed several generating plants much earlier than it indicated in prior IRP filings made at this Commission.[32] In addition to negative impacts on the communities in which these plants are located, such as lost jobs and local property tax revenues, there is also a substantial impact on customers. Dominion's analysis showed that in the long run customers will come out ahead, but as Environmental Respondents point out, the timing of these retirements matters and matters a lot.[33] Closing plants early allows Dominion to write them off against overearnings in the upcoming triennial review, reducing the amount it may otherwise be required to return to customers in the form of refunds.[34] It also has today's customers bearing more of the cost than would staggering the retirements over longer time periods.[35]

In addition, closing plants means customers no longer have access to the capacity and energy provided by the shuttered plants. As the Company acknowledged, this creates a need for new generating resources to replace the plants closed by the Company.[36] The cost of the replacement plants will be paid by the Company's customers over the plants' useful lives (to the extent that the Company does not otherwise treat such costs as a customer credit reinvestment offset under Senate Bill 966). Furthermore, under current law, those costs are eligible for recovery through a stand-alone RAC on a dollar-for-dollar basis plus financing costs.[37]

Solar Power Purchase Agreements ("PPAs") versus Dominion-Owned Solar Resources

Code § 56-585.1:4 reads as follows:

> D. *Twenty-five percent* of the solar generation capacity placed in service on or after July 1, 2018, located in the Commonwealth, and found to be in the public interest pursuant to subsection A or B shall be from the *purchase* by a public utility of energy, capacity, and environmental attributes from solar facilities owned by persons other than a public utility. The *remainder* shall be *construction or purchase* by a public utility of one or more solar generation facilities located in the Commonwealth. (Emphases added.)

Dominion argues that the 25% is a legally fixed "precise" amount of capacity that must be purchased from non-utility resources.[38] On the other hand, Environmental Respondents argue that the 25% is a legal floor.[39] The General Assembly knows how to include modifiers (such as "no more than" or "no less than") when legislating fractions of a whole number, but did not do so in this instance. Thus, in the Commission's assessment, the 25% provision would appear to be an aspirational goal or target. As previously stated by the Commission, "Code § 56-585.1:4 [A] refers to 5,000 [MW] of *both* solar and wind resources 'located in the Commonwealth or off the Commonwealth's Atlantic shoreline,' which would imply that the 5,000 MW total is a statewide aggregate (including offshore) total of both solar and wind."[40] As Dominion correctly states, the 5,000 MW is not a specific target applicable to Dominion.[41] Similarly, the 25% PPA target quoted above appears to be a statewide goal and not utility-specific.[42] Accordingly, strictly for planning purposes, we find it valuable to obtain information on the costs of both solar PPAs and self-build options. Therefore, we will direct Dominion to model solar PPAs at 25% and 50% of the solar generation capacity placed in service under Code § 56-585.1:4.

Future IRPs

In future IRPs, Dominion shall, among other things:

1. Model a true least-cost plan, as defined in our December 2018 Order.

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[32] *See, e.g.*, Ex. 71 (Myers) at 1-2.

[33] Tr. 1308. While Staff agreed that "the unit retirements are mathematically part of the least-cost plan," Staff further explained that "[i]f only one assumption is slightly changed, this analysis may instead show that the unit retirements are no longer part of the least-cost plan." Ex. 70 (Abbott) at 10-11. Thus, "Staff does not believe these savings are so compelling that it necessarily justifies retiring approximately 2,100 MWs of capacity over such a short timeframe." *Id*. at 11.

[34] *See, e.g.,* Ex. 71 (Myers) at 4.

[35] In addition, Staff testified that "given the recent volatility of current energy markets and shifting policy goals, a more conservative strategy of gradualism may be more appropriate where these unit retirements are staggered over a longer time period." Ex. 70 (Abbott) at 11.

[36] Tr. 1079.

[37] Code § 56-585.1 A 6.

[38] *See, e.g.,* Dominion's Legal Memorandum at 8-9.

[39] *See, e.g.,* Ex. 63 (Rábago) at 20.

[40] *Petition of Virginia Electric and Power Company, For approval and certification of the proposed US-3 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-3, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2018-00101, Doc. Con. Cen. No. 190140132, Order Granting Certificates at 8 (Jan. 24, 2019) ("US-3 Certificate Order") (emphasis in original).

[41] Dominion's Legal Memorandum at 7.

[42] The Commission previously recognized that it is not "apparent whether the 25% criterion is applicable to each public utility separately." US-3 Certificate Order at 8.

2. Continue to use the PJM[43] load forecast, reduced by the energy efficiency spending requirement of Senate Bill 966,[44] both as an energy reduction and a supply resource, and separately identify the load associated with data centers.

3. Model battery storage using the most updated cost estimates available.

4. Model compliance with the Regional Greenhouse Gas Initiative.

5. Model gas transportation costs.[45]

6. Model solar PPAs as 25% and 50% of the solar generation capacity placed in service under Code § 56-585.1:4.

7. Model future solar PV tracking resources using two alternative capacity factor values: (a) the actual capacity performance of Dominion's Company-owned solar tracking fleet in Virginia using an average of the most recent three-year period;[46] and (b) 25%.[47]

8. Systematically evaluate long-term electric distribution grid planning and proposed electric distribution grid transformation projects.[48] For identified grid transformation projects, the Company shall include: (a) a detailed description of the existing distribution system and the identified need for each proposed grid transformation project; (b) detailed cost estimates of each proposed investment; (c) the benefits associated with each proposed investment; and (d) alternatives considered for each proposed investment.

9. Provide a schedule identifying the Company's contribution towards meeting the 5,000 MW target identified in Code § 56-585.1:4, including (a) a list of each project in service or under construction; (b) the nameplate capacity of each project; (c) the actual or projected in-service date; (d) whether the project is Company-build or a third-party PPA; and (e) the cost recovery mechanism (*e.g*., fuel, base rates, RAC, ring-fence arrangement, etc.).[49]

10. Provide, in addition to a list of planned transmission projects, the projected cost per transmission project and indicate whether or not each project is subject to PJM's Regional Transmission Expansion Planning process.[50]

Accordingly, IT IS SO ORDERED, and this matter IS DISMISSED.

Commissioner Patricia L. West did not participate in this matter.

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[43] PJM Interconnection LLC.

[44] *See* Senate Bill 966, Enactment cl. 15.

[45] Consistent with the December 2018 Order, the Company should include a reasonable estimate of fuel transportation costs, including firm and interruptible transportation, if applicable, associated with all natural gas generation facilities as well as fuel commodity costs. December 2018 Order at 5 n.14.

[46] For the 2020 IRP, the Company should use the three-year average of calendar years 2017-2019. For those solar tracking facilities that have not been in service for all three years, the Company should use the historic data that is available.

[47] The Commission previously found the Company's REC price forecast methodology to be unreasonable. December 2018 Order at 9-10. The Company proposes to work in consultation with the Staff to develop an appropriate REC price methodology, including appropriate risk scenarios, for upcoming IRP filings. Ex. 79 (Thomas Rebuttal) at 7. We agree and so direct.

[48] Code § 56-599 B 10.

[49] Such information will assist the Commission in the preparation of its annual report to the Governor and the General Assembly required by Code § 56-596.1. Further in this regard, the Company shall also maintain this information on an on-going basis and provide it to Staff upon request.

[50] In so directing, we are cognizant that more than 25% ($4.3 billion) of the new capital investment presented in the Investors Day Presentation relates to transmission. Ex. 60 at 41.

CASE NO. PUR-2018-00065
JULY 15, 2019

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.*

ORDER GRANTING RECONSIDERATION

On June 27, 2019, the State Corporation Commission ("Commission") issued a Final Order in this docket. On July 15, 2019, Virginia Electric and Power Company filed a Petition for Reconsideration for the Limited Purpose of Clarification ("Petition for Reconsideration").

NOW THE COMMISSION, upon consideration hereof, grants reconsideration for the purpose of continuing jurisdiction over this matter and considering the Petition for Reconsideration. The Final Order is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the Petition for Reconsideration.

(2) Pending the Commission's reconsideration, the Final Order is suspended.

(3) This matter is continued generally.

CASE NO. PUR-2018-00065
JULY 19, 2019

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.*

ORDER ON RECONSIDERATION

On May 1, 2018, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") the Company's 2018 Integrated Resource Plan ("IRP") pursuant to Code § 56-597 *et seq*. On June 27, 2019, the Commission issued a Final Order in this docket.

On July 15, 2019, Dominion filed a Petition for Reconsideration for the Limited Purpose of Clarification ("Petition"). On July 15, 2019, the Commission issued an Order Granting Reconsideration, which suspended the Final Order pending the Commission's reconsideration.

Dominion requests the Commission "issue an order on an expedited basis that (i) clarifies that the [d]irectives ("Directives") in the Final Order apply only to future full IRP filings beginning with the 2020 Plan; [and] (ii) clarifies that the Company's method to implement Directives #1, #6 and #7 is appropriate for the upcoming 2020 Plan."[1]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Future IRPs

Dominion states that it is required by the Commission's Integrated Resource Planning Guidelines ("Guidelines") issued on December 23, 2008,[2] to file update filings in off-years when a full IRP is not required.[3] Specifically with respect to update filings, Section (E) of the Guidelines requires:

> [a]dditionally, 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. If 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.[4]

The Petition requests the Commission clarify that the Directives apply only to full IRP filings starting in 2020 and not to the 2019 update filing. In support of such clarification, Dominion states, among other things, that many of the directives are resource-intensive and "[a]pplying the Directives beginning with the 2020 IRP seems a logical extension of the desire to provide a full and complete picture to the Commission, the public, and all stakeholders of the Company's plan to provide reliable electricity at reasonable rates over the planning horizon."[5]

In the past, to comply with the IRP update requirements of Section (E) of the Guidelines, in years when a full IRP is not required in Virginia, the Company has filed copies of its total system IRP filed contemporaneously in North Carolina.[6] However, the Company represented that it is not required to file a total system IRP in North Carolina in 2019 and therefore cannot file its North Carolina IRP as its Virginia update filing as permitted by Section (E) of the Guidelines.[7]

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[1] Petition at 12-13.

[2] *Commonwealth of Virginia, ex rel. State Corporation Commission, Concerning Electric Utility Integrated Resource Planning Pursuant to §§ 56-597 et seq. Code of Virginia*, Case No. PUE-2008-00099, Order Adopting Guidelines For Developing Integrated Resource Plans (Dec. 23, 2008), available at https://www.scc.virginia.gov/pur/docs/irp.pdf.

[3] Petition at 1-2, 5.

[4] Emphasis in original.

[5] Petition at 9.

[6] Tr. 1340-1341.

[7] Tr. 1341.

Under such circumstance, Section (E) only requires a "narrative summary." Thus, under this Guideline, the Company is required to exercise its judgment in preparing a summary that identifies and "describ[es] any significant event necessitating a major revision to the most recently filed IRP, including adjustments to the type and size of resources identified." Because a new IRP is not filed under Section (E), the specific Directives in this instance are not applicable thereto.

Clarification on Directives

Directive #1

Directive #1 requires the Company to model a true least-cost plan, as defined by the December 2018 Order. Dominion seeks confirmation that this directive encompasses the concept that Commission-approved generation resources will not be required to be "modeled" for inclusion at all, but will appear as existing or under construction depending upon their development status.[8]

The Commission hereby provides the requested confirmation.

Directive #6

Directive #6 requires the Company to model solar power purchase agreements ("PPAs") as 25% and 50% of the solar generation capacity placed in service under Code § 56-585.1:4. The Company states that it intends to model solar PPAs at 25% as its baseline assumption and run a sensitivity on its plan that uses base case assumptions to show solar PPAs at 50% of solar generation capacity placed in service.[9] The Company does not believe it needs to run each alternative plan with the 25% and 50% assumptions because that would lead to an excessive amount of plans and information and would add little additional valuable data.[10]

The Commission approves the Company's request to model solar PPAs at 25% as its baseline assumption and run a sensitivity on its plan that uses base case assumptions to show solar PPAs at 50% of solar generation capacity placed in service.

Directive #7

Directive #7 requires the Company to model future solar tracking resources using two alternative capacity factor values: (a) the actual capacity performance of Dominion's Company-owned solar tracking fleet in Virginia using an average of the most recent three-year period; and (b) 25%. Dominion states that the Company intends to model future solar facilities at a 25% capacity factor as its baseline assumption and run a sensitivity on its plan that uses base case assumptions to show the capacity factor as the actual capacity performance of the solar facilities.[11] The Company states this approach would avoid an excessive amount of plans and information that would add little additional valuable data.[12]

The Commission approves the Company's request to run one of the capacity factors contained in Directive #7 as a sensitivity; however, if the Company chooses to do so, it shall model the actual capacity performance of Dominion's Company-owned solar tracking fleet as the baseline assumption and use 25% as the sensitivity.

Accordingly, IT IS ORDERED THAT:

(1) The Petition is granted in part and denied in part as provided herein.

(2) The Final Order is no longer suspended.

(3) This case is dismissed.

Commissioner Patricia L. West did not participate in this matter.

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[8] Petition at 10-11.

[9] *Id.* at 11.

[10] *Id.*

[11] *Id.* at 12.

[12] *Id.*

CASE NO. PUR-2018-00069
JANUARY 9, 2019

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

In re: Kentucky Utilities Company d/b/a Old Dominion Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq.*

FINAL ORDER

On May 1, 2018, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission") the Company's Integrated Resource Plan ("IRP") pursuant to § 56-599 of the Code of Virginia ("Code").[1]

As amended in 2015, Code § 56-599 requires, among other things, that an IRP evaluate: (i) the effect of current and pending environmental regulations upon the continued operation of existing electric generation facilities or options for construction of new electric generation facilities; and (ii) the most cost-effective means of complying with current and pending environmental regulations.[2] The Company indicated that its IRP filing is intended to satisfy the revised requirement that each electric utility file an updated IRP by May 1, 2017.[3]

According to KU/ODP, the Company and its affiliate, Louisville Gas and Electric Company ("LG&E"), collectively control over 8,000 megawatts of combined generating capacity, all of which is located in Kentucky and is subject to the jurisdiction of the Kentucky Public Service Commission.[4] The Company maintained that neither it nor LG&E owns or operates any generating assets in Virginia.[5] KU/ODP stated that in Virginia, the Company provides retail electric service to approximately 28,000 customers in the counties of Wise, Lee, Russell, Scott, and Dickenson, supplying those customers with energy from KU/ODP's and LG&E's generating assets in Kentucky.[6] According to KU/ODP, the electric load in the Virginia service territory primarily consists of residential customers and coal mining operations.[7]

On May 4, 2018, the Commission issued an Order for Notice and Comment that, among other things, directed the Company to provide notice of its IRP; provided an opportunity for interested persons to file comments or request a hearing on the IRP; and directed the Commission's Staff ("Staff") to investigate the Company's IRP and present its findings and recommendations in a report ("Staff Report"). No comments or requests for hearing were filed in this docket.

On August 24, 2018, Staff filed its Staff Report which recommended that the Commission accept the Company's IRP as reasonable and in the public interest.[8] In support of its recommendation, Staff concluded that the Company's IRP complies with the legislative requirements of Code § 56-597 *et seq.*, and the guidelines set forth in the Commission's December 23, 2008 Order Establishing Guidelines for Developing Integrated Resource Plans.[9]

Furthermore, Staff indicated that during the 2018 session of the Virginia General Assembly, Code § 56-599 A was amended to state that "an electric utility shall file an updated IRP on May 1, in each year immediately preceding the year the utility is subject to a triennial review filing."[10] As KU/ODP is not required to submit a triennial review as defined in amended Code § 56-585.1, Staff concluded that KU/ODP is no longer required by statute to submit a formal IRP in Virginia.[11] Staff noted that KU submits a formal IRP to the Kentucky Public Service Commission every three years and recommends that the Commission direct KU/ODP to administratively furnish a copy of such IRP within 30 days of the filing in Kentucky to the Commission's Division of Public Utility Regulation.[12]

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[1] This filing was accompanied by a Motion for Protective Order in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*.

[2] 2015 Acts ch. 6.

[3] KU/ODP 2017 VA IRP Summary at 1.

[4] *Id*.

[5] *Id.*

[6] *Id.*

[7] *Id.*

[8] Staff Report at 15.

[9] *Id.* at 14; s*ee Commonwealth of Virginia, ex rel., State Corporation Commission, 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).

[10] *See* 2018 Acts ch. 296.

[11] Staff Report at 3-4, 15.

[12] *Id.*

On September 21, 2018, KU/ODP filed its response to the Staff Report stating that in general, KU/ODP does not take exception with the contents of Staff Report. KU/ODP further asserts that it does submit a formal IRP to the Kentucky Public Service Commission approximately every three years. KU/ODP states that it is willing to voluntarily submit a copy of this IRP, on an ongoing basis, to the Commission's Division of Public Utility Regulation within 30 days of the filing with the Kentucky Public Service Commission.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Pursuant to Code § 56-599 C, the Commission must, after giving notice and an opportunity to be heard, determine whether KU/ODP's IRP is reasonable and in the public interest. The Commission finds, based on the record of this proceeding and applicable statutes, that the Company's IRP is reasonable and in the public interest for the specific and limited purpose of filing a planning document as mandated by Code § 56-597 *et seq*. Consistent with every prior final order issued under these provisions of the Code,[13] we reiterate that approval of an IRP does not in any way create the slightest presumption that resource options contained in the approved IRP will be approved in a future certificate of public convenience and necessity, fuel factor, or other type of proceeding governed by different statutes.

Further, KU/ODP shall henceforth submit to the Commission's Division of Public Utility Regulation a copy of its IRP developed for and filed with the Kentucky Public Service Commission within 30 days of such filing in Kentucky.

Accordingly, IT IS SO ORDERED, and this matter is DISMISSED.

[13] *See, e.g., Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Kentucky Utilities Company d/b/a Old Dominion Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2009-00062, 2010 S.C.C. Ann. Rept. 353, 354, Final Order (Aug. 6, 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 filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUE-2011-00097, 2012 S.C.C. Ann. Rept. 313, 314, Final Order (Oct. 5, 2012).

CASE NO. PUR-2018-00080
DECEMBER 20, 2019

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to increase existing rates and charges and to revise the terms and conditions applicable to gas service pursuant to § 56-237 of the Code of Virginia

FINAL ORDER

On July 31, 2018, Washington Gas Light Company ("WGL" 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 for usage beginning with the January 2019 billing cycle, and to revise other terms and conditions applicable to its gas service ("Application").

The Company requested authority to increase its base rates for natural gas service to produce an increase in revenues of approximately $37.6 million for the rate year beginning January 1, 2019 ("Rate Year"), of which approximately $14.7 million relates to costs associated with investments in infrastructure made pursuant to the Company's Steps to Advance Virginia's Energy ("SAVE") plan pursuant to § 56-603 *et seq*. of the Code.[1] The Company indicated that its proposed revenue requirement was based on an overall rate of return of 7.94% on rate base, including a return on common equity of 10.6%,[2] and reflects a $16.3 million reduction for lower tax expense due to the implementation of the Tax Cuts and Jobs Act of 2017 ("TCJA").[3] The Company further stated that the requested revenue requirement does not include any costs related to the acquisition of WGL by AltaGas Ltd. on July 6, 2018 ("AltaGas Merger").[4]

Additionally, WGL proposed three initiatives that the Company asserts will provide Virginia customers with greater access to natural gas: (1) the Service Line Allowance Program, (2) the Main Allowance Program, and (3) the Targeted Conversion Program.[5] WGL also proposed various revisions to its Virginia tariff to reflect the new rates and proposals.[6]

[1] Ex. 2 (Application) at 1-2. The Company correspondingly removed this revenue requirement from the SAVE Rider.

[2] The Company originally requested approval of a return on equity of 10.6% but subsequently modified its request to a return on equity of 10.3% to reflect data available as of March 1, 2019. Ex. 2 (Application) at 6; Ex. 44 (D'Ascendis Rebuttal) at 3.

[3] Application at 2. *See* Public Law 115-97.

[4] Ex. 2 (Application) at 2. *See Joint Petition of Washington Gas Light Company, WGL Holdings, Inc., and AltaGas Ltd., For approval of an acquisition of control of a public utility pursuant to the Utility Transfers Act, Va. Code § 56-88 et seq.,* Case No. PUR-2017-00049, 2017 S.C.C. Ann. Rept. 492 (Oct. 20, 2017).

[5] Ex. 2 (Application) at 10.

[6] *Id.*

On August 23, 2018, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, docketed the Application; required WGL to publish notice of its Application; gave interested persons the opportunity to comment on or participate in the proceeding; and scheduled a public hearing. Pursuant to the Procedural Order, the Company implemented its proposed rates on an interim basis, subject to refund with interest, for service rendered on and after January 2, 2019.[7]

Notices of participation were filed in this proceeding by the Apartment and Office Building Association of Metropolitan Washington ("AOBA"); the Fairfax County Board of Supervisors ("Fairfax"); and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel").

On February 15, 2019, AOBA and Consumer Counsel filed testimony.[8] On March 13, 2019, the Commission's Staff ("Staff") filed testimony.[9] On April 12, 2019, WGL filed rebuttal testimony.[10] In addition, the Commission received two public comments on the Application.

The Hearing Examiner convened a hearing, as scheduled, on April 30 – May 1, 2019. One public witness testified at the hearing. The Company, AOBA, Fairfax, Consumer Counsel and Staff participated at the hearing, during which the Hearing Examiner received testimony from witnesses on behalf of the participants and admitted evidence on the Application. As directed by the Hearing Examiner at the conclusion of the hearing, and as modified by subsequent ruling, the participants filed post-hearing briefs on July 3, 2019.

On September 16, 2019, the Report of Michael D. Thomas, Senior Hearing Examiner ("Report") was filed. On October 17, 2019, Fairfax filed comments to the Hearing Examiner's Report. On October 21, 2019, WGL and Staff filed comments to the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.[11] First, the Commission approves a total base rate revenue requirement increase in the amount of $13.2 million based on the return on common equity approved below. This is a result of the following:

COST OF EQUITY

Company witness D'Ascendis concluded that a return on equity ("ROE") of 10.3% represents WGL's cost of equity.[12] Included in Mr. D'Ascendis' recommended ROE are a size premium adjustment of 0.1% and a flotation cost adjustment of 0.1%.[13] AOBA recommended an ROE of not more than 9.30%.[14] Staff witness Maddox calculated WGL's market cost of equity to be between 8.70% and 9.70% and recommended that the Commission approve an ROE of 9.20%, the midpoint of this range.[15]

The Hearing Examiner found that Staff's recommended cost of equity range of 8.70% to 9.70% and Staff's recommended ROE of 9.20% are fair and reasonable.[16] The Hearing Examiner further found that WGL's proposed size and flotation cost adjustments should be denied, stating that WGL has not shown that based on its size it is unable to attract capital on reasonable terms or that it has an equity offering scheduled in the near future.[17]

The Commission agrees with the Hearing Examiner that the Company's proposed size and flotation adjustments are inappropriate in this case for the reasons stated in the Report.[18] The Commission finds that establishing an ROE range of 8.7% to 9.7%, with a midpoint of 9.2%, is fair and reasonable under the circumstances of this case. The Commission concludes that this return is supported by the evidence in the record, results in a fair and reasonable ROE, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, and enables the Company to maintain its financial integrity.[19]

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[7] Tr. 23.

[8] AOBA filed the testimonies of Bruce R. Oliver and Timothy B. Oliver; and Consumer Counsel filed the testimony of Glenn A. Watkins. On March 5, 2019, AOBA filed a Motion for Leave to File Supplemental Direct Testimony and the Supplemental Direct Testimony of Bruce R. Oliver.

[9] Staff filed the testimonies of Carol B. Myers, Scott C. Armstrong, Farris M. Maddox, Patrick W. Carr, Gregory M. Connolly, Brian S. Pratt and Bernard J. Logan.

[10] WGL filed the rebuttal testimonies of Douglas I. Bonawitz, Dylan W. D'Ascendis, Aaron B. Gibson, Robert E. Tuoriniemi, Anthony Murdock, Stephen J. Price, Maria Frazzini, Paul H. Raab, David A. Borden, Golnaz A. Walker and Mark A. Lowe.

[11] To the extent they are not addressed herein, we adopt as reasonable the findings and recommendations of the Hearing Examiner supported by the Company on pages 72-73 (Section IV. A.) of WGL's Comments to the Hearing Examiner's Report.

[12] Ex. 44 (D'Ascendis Rebuttal) at 2.

[13] Ex. 5 (D'Ascendis Direct) at 33-40.

[14] AOBA Post-Hearing brief at 21-23.

[15] Ex. 38 (Maddox) at 24.

[16] Hearing Examiner's Report at 100.

[17] *Id.*

[18] *Id. See also* Ex. 38 (Maddox) at 31-32.

[19] *See, e.g.,* Ex. 38 (Maddox) at 18-26, Appendices A through D. The Commission also adopts the capital structure found reasonable by the Hearing Examiner. *See* Hearing Examiner's Report at 98, 169.

Accordingly, the Commission has found that WGL's proposed cost of equity of 10.3% represents neither the actual cost of equity in the marketplace nor a reasonable ROE for the Company. Nor is WGL's proposed ROE consistent with the public interest. The Commission also concludes that WGL's proposed market cost of equity of 10.3% is not supported by reasonable growth rates or risk premium analyses.[20] Moreover, the Commission notes that Company witness D'Ascendis proposes certain methodologies that the Commission has previously discounted or rejected,[21] and for which we continue to give little or no weight.

For example, Mr. D'Ascendis relied exclusively on projected earnings per share ("EPS") growth rates for his proxy group Discounted Cash Flow ("DCF") analysis and the market risk premium calculation in his Capital Asset Pricing Model ("CAPM") analysis.[22] The Company's exclusive reliance on projected EPS growth rates is inappropriate and has been rejected by the Commission in the past.[23] The Commission recognizes that in this instance, the Company's reliance on projected EPS growth rates does not significantly overstate its DCF estimate;[24] however, the Company's use of projected EPS in its CAPM and risk premium analyses produces a significant upward bias by overstating the return on the market (and consequently, the market risk premium) component of that cost of equity model.[25] This results in an overstatement of the cost of equity.[26]

Mr. D'Ascendis also relies heavily on projected interest rates in his CAPM and other risk premium models.[27] The Commission has rejected the use of such projected interest rates in prior cases, stating that inclusion of these projected rates inflates the results of the utility's risk premium analysis.[28]

RATE YEAR ANALYSIS

The purpose of the Rate Year Analysis is to evaluate whether the Company's projected Rate Year revenue prior to any rate increase is sufficient to recover its projected Rate Year costs.[29] The Rate Year analysis is, therefore, a comparison of projected Rate Year revenue to projected Rate Year costs, to determine whether WGL's earnings are projected to fall within the ROE range we just found reasonable, *i.e.*, 8.7% to 9.7%. If projected earnings fall within that range, no increase to base rate revenues is required.

We will evaluate the need for an increase or decrease in the base rates charged by WGL to its customers for items traditionally recovered through the base rate cost of service. Accordingly, we will perform this initial analysis without considering items previously related to the Company's SAVE Plan and Rider. After the Rate Year Analysis is complete – and in accordance with the plain language of Code § 56-604 F – the Commission will then *increase* base rates herein to "incorporate eligible infrastructure replacement costs previously reflected" in WGL's SAVE Rider.[30]

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[20] *See, e.g.,* Ex. 38 (Maddox) at 26-30; Tr. 333-40.

[21] *See, e.g.,* Staff Post-Hearing Brief at 8.

[22] Ex. 5 (D'Ascendis Direct) at 12; Ex. 38 (Maddox) at 29; Ex. 44 (D'Ascendis Rebuttal) at 13-14.

[23] *See, e.g., Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, 327, Final Order (May 15, 2007) (identifying a "significant bias[]" from the use of a growth rate that, "primarily emphasized projected earnings per share growth rates and ignored other projected rates of growth for dividends, book value, and retained earnings to estimate a long-term sustainable growth rate assumed by the DCF model . . . ."); *Application of Appalachian Power Company, For adjustment to capped electric rates pursuant to § 56-582 B (vi) of the Code of Virginia*, Case No. PUE-2007-00069, 2007 S.C.C. Ann. Rept. 474, 476, Final Order (Dec. 13, 2007) ("[T]he Chief Hearing Examiner properly found that . . . the Company did not 'estimate a sustainable growth rate for the [DCF] model at the outset' and based its recommendation 'on results that reflect the remaining higher, but less sustainable, projected earnings growth rates;' . . . ."); *Application of Aqua Virginia, Inc., For an increase in rates,* Case No. PUE-2014-00045, 2016 S.C.C. Ann. Rept. 206, 209, Final Order (Jan. 7, 2016) ("The Company uses unreasonable inputs, including an unreasonably high growth rate and projected interest rates. We have explicitly rejected the use of such inputs in previous cases . . . .").

[24] *See* Ex. 38 (Maddox) at 27-28.

[25] *See id.* at 29; Tr. 336-39.

[26] *See, e.g.,* Staff Post-Hearing Brief at 8-9; Ex. 38 (Maddox) at 29.

[27] *See* Ex. 5 (D'Ascendis Direct) at 26, Statement DWD-4; Ex. 38 (Maddox) at 29-30.

[28] *See, e.g., Application of Atmos Energy Corporation, For a general increase in rates,* Case No. PUR-2018-00014, Doc. Con. Cen. No. 190320126, Final Order (March 11, 2019) at 5 ("We have consistently rejected the use of projected interest rates in prior cases, recognizing that the inclusion of such projected interest rates inflates the results of a utility's risk premium analysis. Additionally, the use of a historic average relies on observable and verified data."); *Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses,* Case No PUR-2017-00038, 2017 S.C.C. Ann. Rept. 475, 476, Final Order (Nov. 29, 2017); *Application of Appalachian Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses,* Case No. PUE-2016-00038, 2016 S.C.C. Ann. Rept. 393, 395, Final Order (Oct. 6, 2016); *Application of Aqua Virginia, Inc., For an increase in rates*, Case No. PUE-2014-00045, 2016 S.C.C. Ann. Rept. 206, 209, Final Order (Jan. 7, 2016); *Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, 327, Final Order (May 15, 2007).

[29] Tr. 275. *See also* Ex. 33 (Myers) at 6-7.

[30] Moreover, performing the Rate Year Analysis in this fashion excludes both costs and revenues previously associated with the Company's SAVE Plan and Rider. As a result, this process necessarily keeps "the SAVE Plan and Rider as a regulatory framework *separate* from" the base rate earnings review. WGL Comments at 15 (emphasis in original).

TCJA Regulatory Liability

In December 2017, the TCJA was signed into law. Among other provisions, the TCJA reduced the federal corporate income tax rate from 35% to 21%, effective January 1, 2018. In order to ensure that the corporate tax rate reduction contained in the TCJA can ultimately benefit the customers of Virginia's electric, natural gas and water utilities through rates, the Commission issued an order on January 8, 2018, stating that, "effective January 1, 2018, Virginia utilities to which the [TCJA's] tax cut provisions are applicable shall accrue regulatory liabilities reflecting the Virginia jurisdictional revenue requirement impacts of the reduced corporate income tax rate . . . ."[31]

At issue herein is the total amount of the TCJA regulatory liability to be refunded to WGL's customers, as well as the time period over which such refund should be completed. In addition, as a result of the TCJA, WGL has excess deferred income tax ("EDIT") balances on its books, representing accumulated deferred income taxes that will never be remitted to the Internal Revenue Service.[32] We address these issues below.

Refund Period for Unprotected EDIT

The first issue relates to the period to refund unprotected EDIT (both plant-related and non-plant-related), which is not subject to the IRS's normalization rules.[33] The amortization period of unprotected EDIT impacts the amount of the TCJA regulatory liability.[34] The Hearing Examiner found that a range of three years to eight years to amortize all unprotected EDIT is reasonable and that the Commission should adopt Staff's recommended five-year amortization period.[35]

As noted by the Hearing Examiner, the Commission has discretion to determine the amortization period for unprotected EDIT because it is not subject to the IRS's normalization requirements.[36] For the reasons stated in the Hearing Examiner's Report, we find that an amortization period of eight years for all unprotected EDIT reasonably balances the interests of the Company and ratepayers.[37] Increasing the amortization period for unprotected EDIT to eight years increases income tax expense by $3.17 million and decreases the Rate Year projected earned ROE by 47 basis points.[38]

Time Period for Calculating TCJA Regulatory Liability

The second issue relates to whether the lower federal income tax rate should apply to the October to December 2017 time frame because WGL began using the lower tax rate effective with its new fiscal year on October 1, 2017, to record deferred taxes.[39] The Hearing Examiner found that the TCJA regulatory liability should include $5.6 million for the October to December 2017 time period.[40] WGL disagreed, stating that for the October to December 2017 period, both income tax due to the IRS and taxes to be recovered in rates were at a rate of 35%.[41]

We find that the TCJA regulatory liability should not include an additional $5.6 million for the October to December 2017 period. The Commission's January 2018 Order directed Virginia utilities to begin accruing the TCJA regulatory liability effective January 1, 2018. After changing the amortization period for unprotected EDIT from five to eight years and removing the October to December 2017 tax adjustment proposed by Staff, the Commission-approved TCJA regulatory liability is $25,534,907.

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[31] *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Regulatory Accounting related to the federal Tax Cuts and Jobs Act of 2017*, Case No. PUR-2018-00005, 2018 S.C.C. Ann. Rept. 337, Order (Jan. 8, 2018) ("January 2018 Order").

[32] *See* Hearing Examiner's Report at 108.

[33] WGL Post-Hearing Brief at 6 n.20. WGL has approximately $42.3 million in unprotected EDIT to be returned to ratepayers. This includes $44.2 million of plant-related EDIT associated with a net deferred tax liability that is offset in part by $1.9 million of non-plant-related EDIT associated with a deferred tax asset. WGL proposes to amortize the $44.2 million of unprotected plant-related EDIT over the remaining useful life of the associated plant and amortize the $1.9 million in unprotected non-plant-related EDIT over ten years. *See* Ex. 8 (Tuoriniemi Direct), Schedule 50c, Statement 1; Ex. 33 (Myers) at 17; WGL Post-Hearing Brief at 52.

[34] *See, e.g.,* Ex. 33 (Myers) at 20.

[35] Hearing Examiner's Report at 108-9.

[36] *See id.* at 107-8.

[37] The Hearing Examiner noted that "[e]ight years represents the maximum period the unprotected EDIT should be amortized, as it is the same period over which the unprotected EDIT was accrued from the repairs deduction." Hearing Examiner's Report at 108.

[38] The impacts of the Commission's findings herein on contested expenses and Rate Year projected earned ROE are relative to the Hearing Examiner's projected Rate Year earned ROE analysis.

[39] Ex. 33 (Myers) at 20-21.

[40] Hearing Examiner's Report at 112.

[41] WGL Comments at 55.

Time Period for Refunding TCJA Regulatory Liability

The third issue relates to the rate mechanism and refund period for the TCJA regulatory liability. The Hearing Examiner agreed with Staff and found that the TCJA regulatory liability should be refunded to customers through a one-time sur-credit.[42] WGL requested to refund the TCJA regulatory liability through a five-year sur-credit.[43] We find that it is appropriate to refund the TCJA regulatory liability to ratepayers through a sur-credit over a 12-month time period.[44] We agree with the Hearing Examiner that "[t]he TCJA regulatory liability is customer money resulting from the change in the tax laws that should be returned to customers in a timely fashion."[45]

Flow-through Cost of Removal Regulatory Asset

In this proceeding, the Company proposes to transition from flow-through accounting to normalization accounting for all cost of removal[46] and depreciation on its books.[47] As part of this transition, the Company proposes to recover a $7.1 million regulatory asset over five years through base rate cost of service. This regulatory asset represents an alleged deferred tax deficiency on the Company's books resulting from the Company's historic underestimation of cost of removal for pre-1971 property in its depreciation rates.[48] We find that it is appropriate for the Company to transition from flow-through accounting to normalization accounting for all cost of removal and depreciation for booking and ratemaking purposes. We also find, however, that due to a mismatch between the treatment of pre-1971 cost of removal for booking and ratemaking purposes, the Company has already recovered this amount through past SAVE Plan Rider revenue requirements as demonstrated by Staff.[49] Thus, we find that it is not appropriate for the Company to recover the $7.1 million regulatory asset for a second time through base rate cost of service.

Leak Management Initiative Overtime Payroll Expense

Staff's recommended level of Leak Management Initiative ("LMI") overtime expense is based on the Company's forecast contained in its 2019 long-range plan and reduced by a 3% factor based on the Company's actual hiring progress through the end of 2018.[50] The Hearing Examiner found that Staff's LMI overtime adjustment is reasonable, based on the significant increase in LMI employees.[51] The Company asserted that LMI overtime expense should be based on actual historical data for LMI overtime and staffing levels, updated as of March 31, 2019.[52] WGL stated further that given the increasing trend in leaks on its system,[53] the hiring of new LMI employees does not mean that the Company can achieve a reduction in LMI overtime expense in the Rate Year.[54] WGL proposed a total LMI payroll expense of $18.8 million, which is $2.5 million greater than what the Hearing Examiner found to be reasonable.[55]

Based on the instant record, we find WGL's proposal to base Rate Year LMI overtime expense on actual historical data for LMI overtime and staffing levels, updated as of March 31, 2019, is reasonable. Including the level of LMI overtime expense proposed by the Company in rebuttal testimony increases operations and maintenance expense by $1.97 million and decreases the Rate Year projected earned ROE by 24 basis points.[56]

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[42] Hearing Examiner's Report at 113.

[43] *See* Ex. 48 (Tuoriniemi Rebuttal) at 25; WGL Comments at 73.

[44] WGL shall work with Staff to determine an appropriate methodology for determining individual customer credits.

[45] Hearing Examiner's Report at 113.

[46] Cost of removal is the cost associated with removing an asset from service incurred at the end of the asset's life. On the books, cost of removal is recognized over the useful life of the associated asset through depreciation expense based on estimates. For tax purposes, cost of removal is deducted on a cash basis at the end of the asset's life. Tr. 255.

[47] Ex. 33 (Myers) at 10.

[48] Tr. 261.

[49] *See* Staff Post-Hearing Brief at 17-18; Ex. 33 (Myers) at 11-15; Ex. 34; Ex. 35; Tr. 259-67.

[50] Ex. 28 (Armstrong) at 21-22; Tr. 212.

[51] Hearing Examiner's Report at 120-21.

[52] *See* Ex. 48 (Tuoriniemi Rebuttal) at 66-67; WGL Comments at 31-32.

[53] *See* Hearing Examiner's Report at 145-46.

[54] *See* Ex. 48 (Tuoriniemi Rebuttal) at 67; WGL Comments at 32.

[55] Ex. 48 (Tuoriniemi Rebuttal) at 66-67; and Rebuttal Schedule 50c, Statement 6-R, page 27 of 45.

[56] The $1.97 million of increased LMI overtime expense is based on the Company's LMI overtime and staffing levels, updated as of March 31, 2019, and Staff's proposed Virginia jurisdictional allocation factor for LMI costs, which was unopposed by the Company. *See* Ex. 48 (Tuoriniemi Rebuttal) at 70-71.

Eligible Safety Activity Costs

The Hearing Examiner found that WGL should be directed to write-off $2,042,394 of the Company's Eligible Safety Activity Costs ("ESAC") deferral balance because the earnings test for the 12 months ended December 31, 2017 ("December Test Year") showed the Company earned an ROE of 9.83%, which is above the historical benchmark ROE of 9.5% that was previously agreed to by the Company for this purpose.[57]

Code § 56-235.10 C ("Subdivision C") states, in part:

> A natural gas utility may account for eligible safety activity costs to be recovered pursuant to this section as deferred costs . . . . The eligible safety activity costs deferred hereunder shall be included in new base rates and charges instituted pursuant to a Commission order establishing or confirming customer rates in a rate case . . . . Such deferred costs shall not be subject to write-off or write-down by the Commission in an earnings test filing made pursuant to Commission rules governing utility rate increases and annual informational filings except as provided in this subsection. The natural gas utility shall be deemed to have recovered eligible safety activity costs to the extent that the return on equity earned by the natural gas utility in an earnings test for a given year, after consideration of the treatment of regulatory assets, is in excess of the mid-point of the rate of return on equity range specified or confirmed in the natural gas utility's most recent rate case . . . .

Further, Code § 56-235.10 D ("Subdivision D") states (emphasis added):

> Any natural gas utility that has <u>on its books</u> eligible safety activity costs deferred pursuant to this section shall include an earnings test filing as part of any application for an annual informational filing or rate proceeding.

Staff asserted that Subdivisions C and D require that any amount of earnings left over after write-off of regulatory assets be used to reduce the amount of any ESAC deferral balance on the Company's books, regardless of when the amounts were actually deferred.[58] According to Staff's adjustment, after write-off of the regulatory asset related to the abandoned liquified natural gas peaking facility in Chillum, Maryland, this left $2,042,394 of over-earnings available for ESAC recovery.[59] To reflect this in rates, Staff reduced the Rate Year level of ESAC amortization expense from $1,839,235 to $1,317,774.[60] The Company disagreed, stating that only new deferrals made in the earnings test year, not the cumulative deferrals, are subject to the earnings test[61] and since the Company made no new ESAC deferrals in the December Test Year, no write-off should occur and the Company should recover the entire December 31, 2017 deferred ESAC balance of $7.2 million prospectively in rates.[62]

It is well-established in Virginia jurisprudence that, "[w]hen construing a statute, [a court's] primary objective 'is to ascertain and give effect to legislative intent,' as expressed by the language used in the statute."[63] In addition, "Virginia courts 'presume that the legislature chose, with care, the words it used when it enacted the relevant statute.'"[64] Further, "[w]hen the language of a statute is unambiguous, [a court is] bound by the plain meaning of that language."[65] Importantly, "[r]ules of statutory construction prohibit adding language to or deleting language from a statute."[66]

The Company interprets the phrase "in an earnings test for a given year" to refer to both an earnings test and any ESAC deferral booked in the same year as the earnings test.[67] The Company's interpretation improperly adds new language to Subdivision C. The phrase "for a given year" qualifies only "an earnings test." The "earnings test for a given year" in this case is the December Test Year earnings test.[68] Subdivision C does not provide that only ESAC deferrals made in the same year of the earnings test can be deemed to have been recovered. The General Assembly could have written that limitation into the statute, but it did not.

In addition, Subdivision D requires an earnings test with an Annual Informational Filing or rate proceeding if the Company has deferred ESAC "on its books." As of the end of the December Test Year, the Company had deferred ESAC of $7,203,677 on its books. Subdivision D does not limit the earnings test requirement to only years that the Company has newly deferred ESAC. Rather, Subdivision D requires an earnings test if the Company has a

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[57] Hearing Examiner's Report at 126; Ex. 33 (Myers) at 59; Ex. 28 (Armstrong) at 5. The Company calculated an earned ROE of 9.76% in its December Test Year earnings test, which is also in excess of the benchmark ROE. Ex. 8 (Tuoriniemi Direct) at 115.

[58] Ex. 28 (Armstrong) at 5-8.

[59] *Id.* at 5; Ex. 33 (Myers) at 64.

[60] Ex. 28 (Armstrong) at 6.

[61] *See id.*, Appendix B at 1; Ex. 48 (Tuoriniemi Rebuttal) at 74-75.

[62] *See* Ex. 28 (Armstrong) at 6, Appendix B at 1; Tr. 206.

[63] *VEPCO v. State Corp. Comm'n*, 295 Va. 256, 262-63 (2018) (quoting *Cuccinelli v. Rector & Visitors of the Univ. of Va.*, 283 Va. 420, 425 (2012) (citation omitted)).

[64] *Tvardek v. Powhatan Village Homeowners Ass'n, Inc.*, 291 Va. 269, 277 (2016) (quoting *Zinone v. Lee's Crossing Homeowners Ass'n*, 282 Va. 330, 337 (2011)).

[65] *Cuccinelli v. Rector & Visitors of the Univ. of Va.*, 283 Va. 420, 425 (2012) (quoting *Kozmina v. Commonwealth*, 281 Va. 347, 349 (2011)).

[66] *Appalachian Power Co. v. State Corp. Comm'n*, 284 Va. 695, 706 (2012), citing *BBF, Inc. v. Alstom Power, Inc.*, 274 Va. 326, 331 (2007).

[67] WGL Comments at 34; Ex. 48 (Tuoriniemi Rebuttal) at 74-75.

[68] Tr. 207.

cumulative ESAC deferral balance on its books. The Company's interpretation of Subdivision C cannot be harmonized with this requirement in Subdivision D, especially if there was no other reason for the Company to file an earnings test (*i.e.*, no other regulatory assets on the books or not seeking to establish a regulatory asset).[69]

Accordingly, we find that based on the earnings test for the December Test Year, WGL has recovered ESAC in the amount of $2,042,394, and the ESAC deferral on the Company's books should be reduced by that amount.

Business Process Outsourcing 2.0

The net savings realized by the Company associated with its Business Process Outsourcing ("BPO") 2.0 initiative will result in reductions to its cost of service over the five-year contract periods of the new BPO 2.0 contracts.[70] The Company and Staff agree that it is appropriate to normalize the costs to achieve the BPO 2.0 initiative over five years in rates going forward, as it aligns the costs with the associated savings over the five-year contract periods.[71]

The Company and Staff disagree, however, about the treatment of BPO 2.0 costs in the earnings test. In the Revised Stipulation in Case No. PUE-2016-00001 ("2016 Revised Stipulation"),[72] the Company agreed not to treat the BPO 2.0 costs as a regulatory asset for regulatory accounting purposes. The Company is currently treating the costs to achieve BPO 2.0 as a regulatory asset on its books for *financial accounting* purposes, which Staff does not oppose.[73] WGL, however, also reflected the amortization of the BPO 2.0 regulatory asset in the earnings test herein for regulatory accounting purposes.[74] We agree with the Hearing Examiner that the Company's earnings test treatment of the BPO 2.0 costs is not in compliance with the 2016 Revised Stipulation as the Company is amortizing this regulatory asset in per books cost of service.[75] Accordingly, we find that the earnings test must reflect the BPO 2.0 costs in the period incurred.[76]

Charitable Donations

The Company proposed an adjustment to reduce Test Year charitable donations by $140,065 to reflect only 50% of the net of tax amount of the donations.[77] Staff recommended disallowance of an additional donation in the amount of $24,425 to the D.C. School of Law Foundation.[78] The Hearing Examiner agreed with Staff on the basis that "Virginia ratepayers should not have to reimburse a charitable donation made by WGL to a charity that serves no charitable purpose in Virginia."[79]

We find that all charitable donations should be removed from the cost of service for ratemaking purposes. The Commission has been moving in this direction in recent years.[80] We find that ratepayers should not be charged for any of the utility's charitable contributions. A utility holds a monopoly franchise to provide reliable service at just and reasonable rates. We find that a utility is free to support charities of its choice with shareholder funds; however, captive ratepayers can choose their own charitable causes to support and should not have to pay for the utility's choices.[81] Removing 100% of charitable donations reduces expenses by $144,000 and increases the Rate Year projected earned ROE by 2 basis points.

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[69] *See* 20 VAC 5-201-20 C; Staff Post-Hearing Brief at 40.

[70] Ex. 33 (Myers) at 55-56.

[71] *See* Staff Post-Hearing Brief at 44.

[72] *Application of Washington Gas Light Company, For a general increase in rates and charges and to revise the terms and conditions applicable to gas service*, Case No. PUE-2016-00001, 2017 S.C.C. Ann. Rept. 314, Final Order (Sept. 25, 2017).

[73] Staff Post-Hearing Brief at 55.

[74] Ex. 33 (Myers) at 60.

[75] Hearing Examiner's Report at 128. *See also* Ex. 33 (Myers) at 60.

[76] *See* Hearing Examiner's Report at 127-28; Staff Post-Hearing Brief at 55; Ex. 33 (Myers) at 61. We are not denying recovery of the BPO 2.0 costs in the earnings test. Rather, the cost recovery will be reflected in the periods in which the costs were incurred.

[77] *See* Ex. 8 (Tuoriniemi Direct) at 100.

[78] Ex. 33 (Myers), Appendix A at 62, Appendix B at 89.

[79] Hearing Examiner's Report at 129.

[80] *See, e.g., Application of Appalachian Power Company, For a 2011 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00037, 2011 S.C.C. Ann. Rept. 477, 491, Final Order (Nov. 30, 2011) (Commissioner Christie, dissenting). *See also Application of Virginia Electric and Power Company, For a 2011 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00027, 2011 S.C.C. Ann. Rept. 456, 467, Final Order (Nov. 30, 2011) (Commissioner Christie, concurring).

[81] We note that in Virginia Electric and Power Company's ("Dominion") 2015 biennial review, Dominion voluntarily removed all charitable contribution costs from the 2013-2014 earnings test, after Staff raised several concerns in testimony. *See Application of Virginia Electric and Power Company, For a 2015 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2015-00027, Rebuttal Testimony of Paul D. Koonce at 9-10 (filed Aug. 27, 2015).

Payroll taxes

The Company calculated its adjustment to payroll tax expenses based on its incremental adjustments to salaries and wages expenses, while Staff calculated a full Rate Year level of payroll tax expense based on the Rate Year level of salaries and wages included in Staff's adjustment.[82] We find that Staff's methodology is more accurate as it is based on a complete re-calculation of the full Rate Year level of payroll taxes.

Management Salary Increases

WGL computed Rate Year management salary increases by using a three-year average of all historic management pay increases, including market and merit increases, promotions, salary adjustments, and any other increases in pay.[83] Staff calculated management salary increases by annualizing September 23, 2018 pay check data and then increasing that annualized salary amount by actual market and merit increases that occurred after September 23, 2018.[84] Staff argued that the use of a three-year average of all management pay increases is one-sided and overstates Rate Year base pay because it incorporates all increases to management pay, but does not take into account any decreases to base pay resulting from employees that retired or left and were replaced with employees at lower salaries.[85] The Hearing Examiner found that Staff's adjustment is reasonable and more likely to predict management salaries in the Rate Year.[86]

Recognizing that management pay will increase for things other than market and merit increases, while there will be offsetting decreases as noted by Staff, we find that it is reasonable to set the Rate Year level of management salary increases at an amount that is halfway between Staff's and the Company's proposals. This increases operations and maintenance and payroll tax expenses by $184,000 and decreases the Rate Year projected earned ROE by 2 basis points.

O&M Expense Percentage – Payroll-Related

The Company proposed use of a Rate Year operations and maintenance ("O&M") expense percentage of 72.95%, based on the Test Year O&M expense percentage adjusted to incorporate AltaGas Merger costs that were charged to WGL Holdings during the Test Year but are expected to be charged to the Company during the Rate Year.[87] Staff applied the unadjusted Test Year O&M expense percentage of 70.60% to its Rate Year costs to arrive at the portion to be expensed as period costs during the Rate Year.[88] Staff opposed the Company's adjustment because it only incorporates an increase to the O&M expense percentage related to the AltaGas Merger but ignores other decreases to the O&M expense percentage related to the AltaGas Merger, notably, the provision of services to 22 new affiliates, which will serve to decrease the utility O&M expenses during the Rate Year.[89]

We find that it is reasonable to use a Rate Year O&M expense percentage of 71.77%, which is halfway between Staff's and the Company's proposals. This takes into account the fact that a certain amount of costs that were charged to WGL Holdings during the Test Year are expected to be charged to WGL O&M expense during the Rate Year, while recognizing that WGL has not shown that the Company appropriately took into consideration other potential offsetting factors. Using an O&M expense percentage of 71.77% increases operations and maintenance and payroll tax expenses by $912,000 and decreases the Rate Year projected earned ROE by 11 basis points.

Purchased Gas Administrative Costs

The Hearing Examiner found that the Company's proposal to shift $319,000 of purchased gas administrative costs from base rate cost of service to the Purchased Gas Charge ("PGC") mechanism is reasonable, as it would eliminate a subsidy from the Company's delivery service customers to its sales service customers.[90] For the reasons stated in the Hearing Examiner's Report, we find that WGL's proposal to shift its purchased gas administrative costs to the PGC is reasonable.[91]

Other Accounting Issues

Finally, with regard to the remaining adjustments at issue for (1) Cash Working Capital, (2) Base Payroll; and (3) Non-LMI Overtime, we agree with the recommendations in the Hearing Examiner's Report, for the reasons stated therein.[92]

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[82] Ex. 33 (Myers) at 39.

[83] *Id.* at 25.

[84] *Id.* at 28-29.

[85] *Id.* at 28.

[86] Hearing Examiner's Report at 133.

[87] Ex. 6 (Gibson Direct) at 18-19; Ex. 33 (Myers) at 32.

[88] Ex. 33 (Myers) at 27, 32.

[89] *Id.* at 32-33; Staff Post-Hearing Brief at 48-49.

[90] Hearing Examiner's Report at 119.

[91] *See id.*

[92] *See id.* at 117-18, 130-32.

Summary

Based on the Commission's findings herein, the Rate Year Analysis results in a projected earned ROE of 8.86%.[93] That is, under currently existing base rates, the Company will (1) fully recover its Rate Year base rate cost of service, and (2) earn an ROE of 8.86%. Because this ROE is within the range of 8.7% to 9.7% found reasonable above, no increase or decrease to base rate revenues is necessary in this proceeding to recover costs traditionally recovered through base rates.[94]

SAVE COSTS AND REVENUES

As explained above, the Rate Year Analysis herein is limited to items traditionally recovered through the base rate cost of service.[95] Thus, we will next determine the amount by which base rates must be *increased* to "incorporate eligible infrastructure replacement costs previously reflected" in WGL's SAVE Rider, as provided for in Code § 56-604 F. We find that it is appropriate to set the increase in base rates equal to the actual revenue requirement of the $101.9 million of SAVE investment as of December 31, 2018. Staff witness Myers calculated the revenue requirement associated with the $101.9 million of SAVE investment to be $13.1 million.[96] Incorporating the Company's proposed capital structure changes this number to $13.2 million. Accordingly, we find that the Company's Rate Year revenue requirement shall be increased by $13.2 million.[97]

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[93] Based on the Hearing Examiner's findings, WGL's earned ROE for the Rate Year (excluding all costs and revenues previously associated with WGL's SAVE Plan and Rider) is 9.68%. The Commission's findings above, however, reduce the Rate Year earned ROE by 0.82%, which results in an ROE of 8.86%. *See also* Discussion of SAVE Costs and Revenues, *infra.*

[94] Both the Company and Staff agree that when projected base rate revenues fall within the authorized cost of equity range, present rates are deemed to be sufficient. *See* Ex. 33 (Myers) at 6 ("If the Rate Year earned ROE is within the range found to be reasonable by the Commission, then no increase or decrease to base rates is necessary."); Ex. 48 (Tuoriniemi Rebuttal) at 36 ("If the ROE is within the [authorized] range, then present rates are deemed to be sufficient."). *See also Application of Virginia Electric and Power Company, For an increase in base rates*, Case No. PUE-1988-00014, 1988 S.C.C. Ann. Rept. 312, 314, Final Order (Dec. 30, 1988) ("When the Commission adopts a range, its finding simply reflects that the utility has the need, and right, to an opportunity to earn a return on equity somewhere within that range. Future earnings anywhere within that range will be lawful, and will be considered neither excessive nor insufficient.")

[95] For example, removing all impacts of items previously related to the Company's SAVE Plan and Rider from the Rate Year analysis decreases revenues by $11.15 million, decreases depreciation and property taxes by $3.95 million, and decreases rate base by $101.9 million, thereby increasing the Rate Year projected earned ROE by 26 basis points. *See, e.g.,* Ex. 33 (Myers) at 39, 45 (corrected); Ex. 48 (Tuoriniemi Rebuttal), Schedule 50c, Statement 9-R. This is the result of excluding the impact of both the $101.9 million of SAVE Plan-related investments from the Rate Year Analysis and the $11.15 million of SAVE revenue that the Hearing Examiner included in the Rate Year Analysis.

[96] *See* Ex. 33 (Myers) at 45 (corrected); Tr. 252-53. The revenue requirement of $13.1 million included an ROE of 9.2%.

[97] Consistent with our earlier discussion, we find that an ROE of 9.2% is reasonable for incorporating costs previously recovered through the SAVE Rider.

RATE DESIGN

For the reasons stated therein, we agree with the recommendation in the Hearing Examiner's Report that WGL should begin transitioning to a single volumetric rate to reduce subsidies among the Residential class.[98] Doing so recognizes that large volume Residential users impose relatively more costs on WGL's distribution system than smaller-volume customers during times of peak usage.[99] We further recognize that WGL's current declining block rate discourages natural gas conservation[100] and find that moving toward a single-rate structure is consistent with Code § 56-235.1[101] and the Company's Conservation and Ratemaking Efficiency Plan, which is meant to reduce natural gas usage.[102] Accordingly, the second usage block (between 26 and 125 therms) shall be moved one-third of the way to the first usage block, and the third usage block (over 125 therms) shall be moved one-half of the way to the second usage block.[103] We further direct WGL, in the Company's next base rate case, to present a plan for the next step in transitioning to a single volumetric rate.[104]

TARGETED CONVERSION PROGRAM

We approve the Company's proposed Targeted Conversion Program as being in the public interest, subject to a $2.0 million annual cap on expenditures and the additional reporting requirements proposed by Staff.[105] We further find that the Company's proposed 10-year limit on when conversions may occur before the Company would be required to write off the amount at risk, as described in WGL's Comments to the Hearing Examiner's Report,[106] is reasonable.[107]

ESAC ELIGIBILITY OF TRANSMISSION-RELATED COSTS

WGL proposes continuing ESAC recovery for safety initiatives that are part of the Company's Distribution Integrity Management Plan and that also involve activities related to the Virginia Gas Operators Association Operator Qualification Program initiative, the Pipeline Safety Management System initiative, and the Transmission Integrity Management Program/High Pressure Risk Model initiative.[108] We herein approve the Company's proposal. As a result, the costs for all of these programs will be treated the same herein and on a going-forward basis.[109]

Accordingly, IT IS ORDERED THAT:

(1) WGL's annual base rate revenue requirement shall be increased by $13.2 million to incorporate costs associated with $101.9 million of investment previously reflected in SAVE Riders prior to January 1, 2019.

(2) A rate of return on common equity of 9.2%, and a cost of equity range of 8.7% to 9.7% are hereby approved.

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[98] Hearing Examiner's Report at 140-44. *See also* Consumer Counsel Post-Hearing Brief at 8-11.

[99] *See* Consumer Counsel Post-Hearing Brief at 9-10; Ex. 23 (Watkins) at 35.

[100] *See* Hearing Examiner's Report at 143; Ex. 23 (Watkins) at 35; Ex. 30 (Pratt) at 21.

[101] Code § 56-235.1 provides that

> It shall be the duty of the Commission to investigate from time to time the acts, practices, rates or charges of public utilities so as to determine whether such acts, practices, rates or charges are reasonably calculated to promote the maximum effective conservation and use of energy and capital resources used by public utilities in rendering utility service. Where the Commission finds that the public interest would be served, it may order any public utility to eliminate, alter or adopt a substitute for any act, practice, rate or charge which is not reasonably calculated to promote the maximum effective conservation and use of energy and capital resources used by public utilities in providing utility service . . . .

[102] *See Application of Washington Gas Light Company, For approval of an amendment to its natural gas conservation and ratemaking efficiency plan*, Case No. PUR-2018-00193, Doc. Con. Cen. No. 190510028, Final Order (Apr. 30, 2019).

[103] *See* Hearing Examiner's Report at 142; Ex. 23 (Watkins) at 36. The Hearing Examiner also noted that, "[a]s explained by Consumer Counsel witness Watkins, this reduces the discounted differential between the first and second usage blocks by one-third, and reduces the discounted differential between the second and third usage blocks by one-half." *Id*.

[104] Consistent with prior Commission orders, when the Company recalculates, 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 with the first billing unit of January 2019, the Company shall not charge customers the difference if the aforementioned recalculation does not result in a reduced bill. *See Application of Washington Gas Light Company*, *For a general increase in rates and charges and to revise the terms and conditions applicable to gas service*, Case No. PUE-2016-00001, 2018 S.C.C. Ann. Rept. 202, Order (Aug. 3, 2018).

[105] *See* Hearing Examiner's Report at 161; Ex. 30 (Pratt) at 32-37.

[106] *See* WGL Comments at 70-72.

[107] We also approve the Company's proposed Service Line Allowance Program and deny the proposed Main Allowance Program, for the reasons stated in the Hearing Examiner's Report. *See* Hearing Examiner's Report at 159-60, 163-64.

[108] *See* Ex. 32 (Connolly).

[109] We note that this decision is limited to the facts and circumstances of this record.

(3) The rates and charges approved herein are fixed and substituted for the rates and terms and conditions of service that the Company placed into effect on an interim basis with the first billing unit of January 2019. WGL shall forthwith file revised tariff sheets incorporating the impact of the findings herein, and in accordance with Code § 56-604 F, on rates and charges and terms and conditions of service with the Clerk of the Commission and the Commission's Division of Public Utility Regulation. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case. Refunds of interim rates shall be made as required below.

(4) The Company 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 with the first billing unit of January 2019, 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. The Company shall not charge customers the difference if the aforementioned recalculation does not result in a reduced bill.

(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, using the average 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.

(6) The refunds ordered herein may be credited to the 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; however, such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to Code § 55-210.6:2.

(7) Within sixty (60) days of completing the refunds ordered herein, the Company shall deliver to the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance a report showing that all refunds have been made pursuant to this Final Order and detailing the costs incurred in effecting such refunds and the accounts charged.

(8) The Company shall bear all costs incurred in effecting the refunds ordered herein.

(9) The Company shall return the $25,534,907 in regulatory liabilities to customers to reflect the over-collection of income taxes resulting from the TCJA. Such regulatory liabilities will be returned through a monthly bill credit over a 12-month period beginning within 90 days of the issuance of this Final Order. The total credit will be allocated proportionally among the rate classes based on each rate class's base revenues for service rendered during the calendar year 2018. WGL shall work with Staff to determine an appropriate methodology for determining individual customer credits.

(10) This matter is dismissed.

CASE NO. PUR-2018-00083
FEBRUARY 27, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations for the Rate Year Commencing April 1, 2019

FINAL ORDER

On June 1, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia, filed with the State Corporation Commission ("Commission") an annual update of the Company's rate adjustment clause, Rider B ("Application"). Through its Application, the Company seeks to recover costs associated with the Altavista, Hopewell, and Southampton Power Stations from coal-burning generation facilities to renewable biomass generation facilities (collectively, the "Biomass Conversion Projects" or "Conversions").[1]

In 2012, the Commission approved Dominion's proposed Conversions as major unit modifications, reissued amended certificates of public convenience and necessity, and approved a rate adjustment clause, designated Rider B, for Dominion to recover costs associated with the Conversions.[2] The Biomass Conversion Projects became operational as biomass fueled units as scheduled during 2013.[3]

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[1] Ex. 4 (Application) at 1.

[2] *Application of Virginia Electric and Power Company, For approval and certification of the proposed biomass conversions of the Altavista, Hopewell, and Southampton Power Stations under §§ 56-580 D and 56-46.1 of the Code of Virginia and for approval of a rate adjustment clause, designated as Rider B, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2011-00073, 2012 S.C.C. Ann. Rept. 279, Final Order (Mar. 16, 2012).

[3] Ex. 4 (Application) at 5.

In this proceeding, Dominion asks the Commission to approve Rider B for the rate year beginning April 1, 2019, and ending March 31, 2020 ("2019 Rate Year").[4] The two components of the proposed total revenue requirement for the 2019 Rate Year are the Projected Cost Recovery Factor and the Actual Cost True-Up Factor.[5] For purposes of calculating the Projected Cost Recovery Factor in this case, Dominion uses a rate of return on common equity ("ROE") of 9.2%, which is the general ROE approved by the Commission in its Final Order in Case No. PUR-2017-00038.[6] For purposes of calculating the Actual Cost True-Up Factor, the Company uses an ROE of 11.6% for the months of January 2017 through March 2017, which comprises the general ROE of 9.6% approved by the Commission in its Final Order in Case No. PUE-2015-00058,[7] plus the 200 basis point enhanced return; an ROE of 11.4% for the period of April 1, 2017, through November 28, 2017, which comprises the general ROE of 9.4% approved by the Commission in its Order in Case No. PUE-2016-00059,[8] plus the 200 basis point enhanced return; and an ROE of 11.2% for the period of November 29, 2017, through December 31, 2017, which comprises the general ROE of 9.2% approved by the Commission in its 2017 ROE Order, plus the 200 basis point enhanced return.[9]

The Company is requesting a Projected Cost Recovery Factor revenue requirement of $29,080,000, and an Actual Cost True-Up Factor revenue requirement of $25,109,000.[10] Thus, the Company is requesting a total revenue requirement of $54,189,000 for service rendered during the 2019 Rate Year.[11]

In response to the Commission Staff ("Staff") concerns and the Commission's Final Order in Case No. PUR-2017-00070 ("2018 Rider B Order"),[12] Dominion introduces an adjustment to the Actual Cost True-Up Factor, referred to as the Interim True-Up Factor, related to renewable energy certificates ("RECs") and production tax credits ("PTCs"), which would credit to, or recover from, customers any over/under collection of actual projected RECs and PTCs from January 2018 through March 2019.[13] Dominion further represents that the Company's revenue requirement in this case complies with the 2018 Rider B Order directive to address the capital balance discrepancy identified by Staff.[14]

The Company proposes a change in the methodology for the calculation of a certain allocation factor beginning in 2018 to recognize the output of certain non-utility generators to be used to allocate cost responsibility to the Virginia jurisdiction.[15] In addition, with the exception of the removal of certain federal and retail choice customers from the Virginia jurisdiction, the Company indicates it has calculated the proposed Rider B rates in accordance with the same methodology as used for rates approved by the Commission in the 2018 Rider B Order.[16]

On June 13, 2018, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application; scheduled a public hearing on the Application; required Dominion to publish notice of its Application; gave interested persons the opportunity to comment on, or participate in the proceeding; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission. 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, and Culpeper County.

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[4] *Id.* at 7.

[5] *Id*.

[6] Ex. 4 (Application) at 6. *Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses,* Case No. PUR-2017-00038, 2017 S.C.C. Ann. Rept. 475, Final Order (Nov. 29, 2017) ("2017 ROE Order").

[7] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations, for the rate year commencing April 1, 2016*, Case No. PUE-2015-00058, Doc. Con. Cen. No. 160250198, Final Order (Feb. 29, 2016).

[8] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations, for the rate year commencing April 1, 2017,* Case No. PUE-2016-00059, Doc. Con. Cen. No. 17023010, Final Order (Feb. 27, 2017).

[9] Ex. 4 (Application) at 6-7; Ex. 6 (Robertson Direct) at 6.

[10] Ex. 6 (Robertson Direct) at 16.

[11] Ex. 4 (Application) at 9; Ex. 6 (Robertson Direct) at 16. Alternatively, Dominion requests a rate effective date for usage on the first day of the month that is at least 15 days following the date of any Commission order approving Rider B, if such date is later than April 1, 2019. Ex. 4 (Application) at 9-10.

[12] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations, for the rate year commencing April 1, 2018*, Case No. PUR-2017-00070, Doc. Con. Cen. No. 180230280, Final Order (Feb. 27, 2018).

[13] *See* Ex. 6 (Robertson Direct) at 3-5.

[14] *Id.* at 5.

[15] *See* Ex. 7 (Haynes Direct) at 1.

[16] *Id.* at 10.

On October 26, 2018, Staff filed testimony.[17] In its prefiled testimony, Staff, among other things, asserts that it will work with Dominion to refine the Company's interim true-up methodology for future Rider B interim true-ups.[18] Staff does not oppose Dominion's proposed changes to the Company's calculation of its allocation methodology, Factor 1.[19]

On October 30, 2018, Staff filed its Motion to Adjudicate Issue in a Designated Docket. In its Motion, Staff, with Dominion's concurrence, moved the Commission to adjudicate in a single designated Dominion rate adjustment clause ("RAC") proceeding, an accounting issue presented in five such pending Dominion RAC dockets ("Pending RAC Dockets").[20] The single issue presented is whether the Company's excess deferred income taxes ("EDIT") related to the deferral balance should impact the calculation of the Projected Cost Recovery Factor revenue requirement in each of the Pending RAC Dockets ("EDIT Issue"). Specifically, Staff proposed that the EDIT Issue be litigated in Dominion's Rider W docket, the first Pending RAC Docket scheduled for hearing, and not in the pending Rider B, GV, R, and S dockets.[21] Staff proposed that the Commission's decision in the Rider W docket apply to the Pending RAC Dockets as well as serve as precedent for future RAC dockets.[22] The Hearing Examiner granted the Motion to Adjudicate Issue in a Designated Docket on November 1, 2018.

In all the Pending RAC Dockets, Staff takes the position that Dominion failed to reclassify the excess amount of accumulated deferred income tax ("ADIT") related to the (in this case, Rider B) deferral to a regulatory liability on its books, in contravention of the Commission's Order in Case No. PUR-2018-00005 ("TCJA Order"),[23] which directed public utilities subject to the Tax Cuts and Jobs Act of 2017 ("TCJA")[24] to accrue regulatory liabilities reflecting the Virginia Jurisdictional revenue requirement impacts of the reduced income tax rate.[25] Staff asserts that Dominion should have reduced tax expense to reflect EDIT amortization related to the Company's recovery of its Rider B deferral balance. Staff further contends that rate base should be reduced by the 13-month average rate year unamortized EDIT balance to recognize that ADIT (which includes unamortized EDIT) is a source of customer-supplied capital until returned to customers through rates.[26]

On November 9, 2018, Dominion filed its rebuttal testimony. In its rebuttal testimony, Dominion disagrees with Staff's assertion that the Company did not reclassify sufficient amounts of EDIT related to Rider B in violation of the Commission's TCJA Order.[27] Dominion explains that because the Rider B deferral was not collected from customers in prior period rates, the re-measurement of the accompanying ADIT does not represent refundable EDIT, and therefore, should not be reclassified as a regulatory liability for future reflection in customer rates as part of the Rider.[28] Dominion further notes that EDIT related to any portion of the Rider B deferral related to under-recovery of depreciation expense would be subject to Internal Revenue Service Normalization Rules.[29]

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[17] Staff filed the supplemental testimony of Justin A. Morgan on October 30, 2018, to add Attachment A, which contained the interrogatory responses that were not included in the initial filing of his testimony. *See* Ex. 11 (Morgan Direct, including supplemental testimony).

[18] Ex. 11 (Morgan) at 13-19.

[19] Ex. 10 (Gravely) at 3-6.

[20] The five pending dockets are: *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations for the Rate Year Commencing April 1, 2019*, Case No. PUR-2018-00083 ("Rider B"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider GV, Greenville County Power Station*, Case No. PUR-2018-00084 ("Rider GV"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station*, Case No. PUR-2018-00085 ("Rider R"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUR-2018-00086 ("Rider S"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUR-2018-00087 ("Rider W"). The Motion to Adjudicate Issue in a Designated Docket was filed in each proceeding.

[21] Motion to Adjudicate Issue in a Designated Docket at 2.

[22] *Id.* at 3.

[23] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Regulatory accounting related to the federal Tax Cuts and Jobs Act of 2017*, Case No. PUR-2018-00005, Doc. Con. Cen. No. 180110073, Order (Jan. 8, 2018).

[24] Pub.L. 115-97; 131 Stat. 2054 (2017).

[25] Ex. 11 (Morgan) at 10-13.

[26] *Id.* at 12-13.

[27] Ex. 13 (Gabbert Rebuttal) at 5-9. *See also* Ex. 14 (Robertson Rebuttal). In Company witness Robertson's rebuttal testimony, Dominion also provided updates and accepted the short-term debt amount and short-term debt cost rate of 1.57% provided in Staff testimony.

[28] Ex. 13 (Gabbert Rebuttal) at 8.

[29] *Id.* at 9-10.

The Hearing Examiner convened a hearing as scheduled on November 28, 2018. No public witnesses appeared to testify at the hearing.[30] The Company, Staff, and Consumer Counsel participated at the hearing. At the hearing, Dominion introduced Exhibit 2 reflecting three separate revenue requirements. In Exhibit 2: (a) $42,977,000 reflects the revenue requirement should the Commission adopt the Company's position on the EDIT Issue in this case; (b) $37,005,000 reflects the revenue requirement should the Commission adopt Staff's position on the EDIT Issue in this case; and (c) $38,311,000 reflects the revenue requirement should the Commission adopt Staff's position on the EDIT Issue in this case, but remove the depreciation component of the deferral balance.[31] At the hearing, Consumer Counsel noted its support for Staff's position on the EDIT Issue, that Consumer Counsel has no objection to the revenue requirement, and that Consumer Counsel supports using the updated PTC and REC values in the Interim True-Up Factor.[32]

On December 17, 2018, the Hearing Examiner issued the Report of D. Mathias Roussy, Jr., Hearing Examiner ("Report"). In his Report, the Hearing Examiner deferred the EDIT Issue to the decision in Rider W, Case No. PUR-2018-00087. Pending the decision in that case, the Hearing Examiner found that, for recovery through Rider B rates during the rate year commencing April 1, 2019, the Commission should approve an updated Rider B revenue requirement of: (a) $42,977,000, if the Commission adopts the Company's position on the EDIT Issue; (b) $37,005,000, if the Commission adopts Staff's position on the EDIT Issue; or (c) $38,311,000, if the Commission adopts Staff's position on the EDIT Issue, except that the depreciation component of the deferral balance is removed.[33] The Hearing Examiner further found that the Company's proposed methodology for calculating Factor 1 to allocate Rider B costs for the Projected Cost Recovery Factor is reasonable; and that the Company had complied with the 2018 Rider B Order directives by applying a revised projection methodology and working with Staff.[34]

On January 3, 2019, Staff filed comments on the Report to clarify that if the revenue requirement in this case excludes the depreciation-related EDIT amortization, but includes a rate base reduction for the unamortized EDIT balance, the revenue requirement should be $38,231,000, not $38,311,000. The Staff otherwise notes that it does not object to the findings and recommendations in the Report. On January 4, 2019, Dominion filed comments on the Report. Dominion notes that it agrees with Staff's clarification, as provided in Staff's comments to the Report, but continues to support its proposed revenue requirement, including its proposed treatment of EDIT. Dominion further states that it remains committed to working collaboratively with Staff to continue to refine its approach towards calculating the Interim True-Up Factor and Projected Cost Recovery Factor. No other comments on the Report were filed.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Rider B revenue requirement is $38,231,000, based on a Projected Cost Recovery Factor revenue requirement of $21,219,000, and an Actual Cost True-Up Factor revenue requirement of $17,012,000. We adopt the findings and recommendations set forth in the Report. Specifically, we find that the Company's proposed methodology for calculating Factor 1 to allocate Rider B costs for the Projected Cost Recovery Factor is reasonable; and that the Company has complied with the 2018 Rider B Order directives by applying a revised projection methodology and working with Staff.[35] We direct the Company to further work with Staff to improve the projection methodology as it committed to do in its comments to the Report.

With regard to the EDIT Issue, we adopt the findings and recommendations set forth in the Report of Alexander F. Skirpan, Jr., Chief Hearing Examiner, issued in Case No. PUR-2018-00087 (Rider W) on January 23, 2019, as they pertain to this issue for the reasons set forth therein. Dominion shall return the EDIT related to the Rider B deferral to customers. Dominion's proposal to book the EDIT related to the Rider B deferral as income is inconsistent with the Commission's TCJA Order, where we directed that:

> to ensure that the corporate tax rate reduction contained in the [TCJA] can ultimately benefit the customers of these utilities through rates, the Commission hereby orders that, effective January 1, 2018, Virginia utilities to which the [TCJA's] tax cut provisions are applicable shall accrue regulatory liabilities reflecting the Virginia jurisdictional revenue requirement impacts of the reduced corporate income tax rate.[36]

We further agree with the Chief Hearing Examiner that out of an abundance of caution, Dominion shall exclude the depreciation-related EDIT amortization included in the Rider B deferral in this proceeding and reflect a reduction in rate base to recognize the associated unamortized depreciation-related EDIT included in the Rider B deferral that will be amortized and returned to customers in a future proceeding.[37]

Accordingly, IT IS ORDERED THAT:

(1) Rider B, as approved herein with an updated revenue requirement in the amount of $38,231,000, shall become effective for service rendered on and after April 1, 2019.

(2) The Company forthwith shall file a revised Rider B and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

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[30] Tr. 5.

[31] *See* Ex. 2.

[32] *See* Tr. at 21-22.

[33] Report at 16.

[34] *Id.*

[35] *Id.*

[36] TCJA Order at 1-2.

[37] Rider W, Report of Alexander F. Skirpan, Jr., Chief Hearing Examiner at 22-23 (Jan. 23, 2019).

(3) As discussed herein, the Company shall continue to work collaboratively with Staff to address the Rider B projection methodology and the Company shall incorporate any appropriate changes and/or analysis in its 2019 Rider B Update.

(4) On or before June 28, 2019, the Company shall file an application to revise Rider B effective April 1, 2020.

(5) This case is dismissed.

CASE NO. PUR-2018-00084
FEBRUARY 27, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider GV, Greensville County Power Station

FINAL ORDER

On June 1, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia, filed with the State Corporation Commission ("Commission") an annual update of the Company's rate adjustment clause, Rider GV ("Application"). Through its Application, the Company seeks to recover costs associated with the Greensville County Power Station ("Greensville County Project" or "Project"), a 1,588 megawatt nominal natural gas-fired combined-cycle electric generating facility and associated transmission interconnection facilities located in Greensville County, Virginia.[1]

In 2016, the Commission approved Dominion's construction and operation of the Greensville County Project and also approved a rate adjustment clause, designated Rider GV, for Dominion to recover costs associated with the Project.[2] The Company expected the Greensville County Project to begin commercial operations by December 2018.[3]

In this proceeding, Dominion has asked the Commission to approve Rider GV for the rate year beginning April 1, 2019, and ending March 31, 2020 ("2019 Rate Year").[4] The three components of the proposed total revenue requirement for the 2019 Rate Year are the Projected Cost Recovery Factor, Allowance for Funds Used During Construction ("AFUDC") Cost Recovery Factor, and the Actual Cost True-Up Factor.[5] For purposes of calculating the Projected Cost Recovery Factor in this case, Dominion utilized a rate of return on common equity ("ROE") of 9.2%, which was approved by the Commission in its Final Order in Case No. PUR-2017-00038.[6] For purposes of calculating the Actual Cost True-Up Factor, the Company utilized an ROE of 9.6% for the months of January 2017 through March 2017, as approved by the Commission in its CPCN Order; an ROE of 9.4% for the period of April 1, 2017, through November 28, 2017, as approved by the Commission in its Order in Case No. PUE-2016-00060;[7] and an ROE of 9.2% for the November 29, 2017, through December 31, 2017 period, as approved by the Commission in its 2017 ROE Order.[8]

In its Application, the Company is requesting a Projected Cost Recovery Factor revenue requirement of $113,280,000, an AFUDC Cost Recovery Factor revenue requirement of $0,[9] and an Actual Cost True-Up Factor revenue requirement of $8,082,000.[10] Thus, the Company is requesting a total revenue requirement of $121,362,000 for service rendered during the 2019 Rate Year.[11]

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[1] Application at 1; Ex. 3 (Mitchell Direct) at 1.

[2] *Application of Virginia Electric and Power Company, For approval and certification of the proposed Greensville County Power Station electric generation and related transmission facilities under §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia and for approval of a rate adjustment clause, designated as Rider GV, pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2015-00075, 2016 S.C.C. Ann. Rept. 264, Final Order (Mar. 29, 2016) ("CPCN Order").

[3] Ex. 2 (Application) at 4; The Greensville County Project became commercially operational on December 8, 2018. *See* Tr. at 7.

[4] *Id.* at 4, 7.

[5] *Id*. at 7.

[6] *Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses,* Case No. PUR-2017-00038, Doc. Con. Cen. No. 171130298, Final Order (Nov. 29, 2017) ("2017 ROE Order").

[7] *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For revision of rate adjustment clause: Rider GV, Greensville County Power Station*, Case No. PUE-2016-00060, Doc. Con. Cen. No. 170230117, Final Order (Feb. 27, 2017).

[8] Ex. 2 (Application) at 6; Ex. 5 (Propst Direct) at 3-4.

[9] Ex. 5 (Propst Direct) at Schedule 1, page 1.

[10] Ex. 2 (Application) at 7; Ex. 5 (Propst Direct) at 10.

[11] Ex. 2 (Application) at 7; Ex. 5 (Propst Direct) at 10. Alternatively, Dominion requests a rate effective date for usage on the first day of the month that is at least 15 days following the date of any Commission order approving Rider GV, if such date is later than April 1, 2019. Ex. 2 (Application) at 8.

The Company proposes a change in the methodology for the calculation of a certain allocation factor beginning in 2018 to recognize the output of certain non-utility generators to be used to allocate cost responsibility to the Virginia jurisdiction.[12] In addition, with the exception of the removal of certain federal and retail choice customers from the Virginia jurisdiction, the Company indicates it has calculated the proposed Rider GV rates in accordance with the same methodology as used for rates approved by the Commission in the most recent Rider GV proceeding.[13]

On June 12, 2018, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application; scheduled a public hearing on the Application; required Dominion to publish notice of its Application; gave interested persons the opportunity to comment on, or participate in the proceeding; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission. 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, and Culpeper County.

On November 20, 2018, Commission Staff ("Staff") filed testimony. In its prefiled testimony, Staff, among other things, does not oppose Dominion's proposed changes to the Company's calculation of its allocation methodology, Factor 1.[14]

On October 30, 2018, Staff filed its Motion to Adjudicate Issue in a Designated Docket. In its Motion, Staff, with Dominion's concurrence, moved the Commission to adjudicate in a single designated Dominion rate adjustment clause ("RAC") proceeding, an accounting issue presented in five such pending Dominion RAC dockets ("Pending RAC Dockets").[15] The single issue presented is whether the Company's excess deferred income taxes ("EDIT") related to the deferral balance should impact the calculation of the Projected Cost Recovery Factor revenue requirement in each of the Pending RAC Dockets ("EDIT Issue"). Specifically, Staff proposed that the EDIT Issue be litigated in Dominion's Rider W docket, the first Pending RAC Docket scheduled for hearing, and not in the pending Rider B, GV, R, and S dockets.[16] Staff proposed that the Commission's decision in the Rider W docket apply to the Pending RAC Dockets as well as serve as precedent for future RAC dockets.[17] The Hearing Examiner granted the Motion to Adjudicate Issue in a Designated Docket on November 1, 2018.

In all the Pending RAC Dockets, Staff takes the position that Dominion failed to reclassify the excess amount of accumulated deferred income tax ("ADIT") related to the (in this case, Rider GV) deferral to a regulatory liability on its books, in contravention of the Commission's Order in Case No. PUR-2018-00005 ("TCJA Order"),[18] which directed public utilities subject to the Tax Cuts and Jobs Act of 2017[19] to accrue regulatory liabilities reflecting the Virginia Jurisdictional revenue requirement impacts of the reduced income tax rate.[20] Staff asserts that Dominion should have reduced tax expense to reflect EDIT amortization related to the Company's recovery of its Rider GV deferral balance. Staff further contends that rate base should be reduced by the 13-month average rate year unamortized EDIT balance to recognize that ADIT (which includes unamortized EDIT) is a source of customer-supplied capital until returned to customers through rates.[21]

On December 14, 2018, Dominion filed its rebuttal testimony. In its rebuttal testimony, Dominion disagrees with Staff's assertion that the Company did not reclassify sufficient amounts of EDIT related to Rider GV in violation of the Commission's TCJA Order.[22] Dominion explains that because the Rider GV deferral was not collected from customers in prior period rates, the re-measurement of the accompanying ADIT does not represent refundable EDIT, and therefore, should not be reclassified as a regulatory liability for future reflection in customer rates as part of the Rider.[23]

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[12] Ex. 6 (Haynes Direct) at 1.

[13] *Id.* at 10; *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider GV, Greensville County Power Station*, Case No. PUR-2017-00071, Doc. Con. Cen. No. 180230163, Final Order (Feb. 21, 2018).

[14] Ex. 9 (Gravely) at 3-6.

[15] The five pending dockets are: *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations for the Rate Year Commencing April 1, 2019*, Case No. PUR-2018-00083 ("Rider B"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider GV, Greensville County Power Station*, Case No. PUR-2018-00084 ("Rider GV"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station*, Case No. PUR-2018-00085 ("Rider R"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUR-2018-00086 ("Rider S"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUR-2018-00087 ("Rider W"). The Motion to Adjudicate Issue in a Designated Docket was filed in each proceeding.

[16] Motion to Adjudicate Issue in a Designated Docket at 2.

[17] *Id.* at 3.

[18] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Regulatory accounting related to the federal Tax Cuts and Jobs Act of 2017*, Case No. PUR-2018-00005, Doc. Con. Cen. No. 180110073, Order (Jan. 8, 2018).

[19] Pub.L. 115-97; 131 Stat. 2054 (2017).

[20] Ex. 10 (Morgan Direct) at 3-5.

[21] *Id.* at 5-6.

[22] Ex. 11 (Gabbert Rebuttal) at 5-9. *See also* Ex. 12 (Ingram Rebuttal). In Company witness Ingrams's rebuttal testimony, Dominion also provided updates and accepted the short-term debt amount and short-term debt cost rate of 1.57% provided in Staff testimony.

[23] Ex. 11 (Gabbert Rebuttal) at 7.

The Hearing Examiner convened a hearing as scheduled on January 9, 2019. No public witnesses appeared to testify at the hearing.[24] The Company, Staff, and Consumer Counsel participated at the hearing. At the hearing, Consumer Counsel noted its support for Staff's position on the EDIT Issue, and that Consumer Counsel has no objection to the agreed upon part of the revenue requirement.[25]

On January 31, 2019, the Hearing Examiner issued the Report of Michael D. Thomas, Senior Hearing Examiner ("Report"). In his Report, the Hearing Examiner deferred the EDIT Issue to the decision in Rider W, Case No. PUR-2018-00087. Pending the decision in that case, the Hearing Examiner found that, for recovery through Rider GV rates during the rate year commencing April 1, 2019, the Commission should approve an updated Rider GV revenue requirement of $120,445,000.[26] The Hearing Examiner further found that except for the two changes in methodology identified by the Company, the rate design should be consistent with the methodology used for rates approved by the Commission in the 2017 Rider GV Case.[27]

On February 8, 2019, Staff filed comments on the Report stating that the Staff supports the findings and recommendations in the Report. On February 14, 2019, Dominion filed comments on the Report. In its comments, the Company disagreed with the Report on two issues related to estimated deferred income taxes.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Rider GV revenue requirement is $120,445,000, based on a Projected Cost Recovery Factor revenue requirement of $112,345,000, an AFUDC Cost Recovery Factor of $0, and an Actual Cost True-Up Factor revenue requirement of $8,100,000.[28] We adopt the findings and recommendations set forth in the Report. Specifically, we find that the Company's proposed methodology for calculating Factor 1 to allocate Rider GV costs for the Projected Cost Recovery Factor is reasonable.

With regard to the EDIT Issue, we adopt the findings and recommendations set forth in the Report of Alexander F. Skirpan, Jr., Chief Hearing Examiner, issued in Case No. PUR-2018-00087 (Rider W) on January 23, 2019, as they pertain to this issue for the reasons set forth therein. Dominion shall return the EDIT related to the Rider GV deferral to customers. Dominion's proposal to book the EDIT related to the Rider GV deferral as income is inconsistent with the Commission's TCJA Order, where we directed that:

> to ensure that the corporate tax rate reduction contained in the [TCJA] can ultimately benefit the customers of these utilities through rates, the Commission hereby orders that, effective January 1, 2018, Virginia utilities to which the [TCJA's] tax cut provisions are applicable shall accrue regulatory liabilities reflecting the Virginia jurisdictional revenue requirement impacts of the reduced corporate income tax rate.[29]

We further agree with the Chief Hearing Examiner that out of an abundance of caution, Dominion shall exclude the depreciation-related EDIT amortization included in the Rider GV deferral in this proceeding and reflect a reduction in rate base to recognize the associated unamortized depreciation-related EDIT included in the Rider GV deferral that will be amortized and returned to customers in a future proceeding.[30]

Accordingly, IT IS ORDERED THAT:

(1) Rider GV, as approved herein with an updated revenue requirement in the amount of $120,445,000, shall become effective for service rendered on and after April 1, 2019.

(2) The Company forthwith shall file a revised Rider GV and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) On or before June 28, 2019, the Company shall file an application to revise Rider GV effective April 1, 2020.

(4) This case is dismissed.

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[24] Tr. at 6.

[25] *See* Tr. at 13.

[26] Report at 16.

[27] *Id.* at 15.

[28] Rounding accounts for the apparent discrepancy in these values.

[29] TCJA Order at 1-2.

[30] Rider W, Report of Alexander F. Skirpan, Jr., Chief Hearing Examiner at 22-23 (Jan. 23, 2019).

CASE NO. PUR-2018-00085
FEBRUARY 27, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider R, Bear Garden Generating Station

FINAL ORDER

On June 1, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update of the Company's rate adjustment clause, Rider R ("Application"). Through its Application, the Company seeks to recover costs associated with the Bear Garden Generating Station ("Bear Garden Project" or "Project"), a natural gas and oil-fired combined-cycle electric generating facility and associated transmission interconnection facilities located in Buckingham County, Virginia.[1]

In 2009, the Commission approved Dominion's construction and operation of the Bear Garden Project and also approved a rate adjustment clause, designated Rider R, for Dominion to recover costs associated with the Project.[2] The Bear Garden Project became fully operational in 2011.[3]

In this proceeding, Dominion asked the Commission to approve Rider R for the rate year beginning April 1, 2019, and ending March 31, 2020 ("2019 Rate Year").[4] The two components of the proposed total revenue requirement for the 2019 Rate Year are the Projected Cost Recovery Factor and the Actual Cost True-Up Factor.[5] For purposes of calculating the Projected Cost Recovery Factor in this case, Dominion utilized a rate of return on common equity ("ROE") of 10.2%, which is a general ROE of 9.2% approved by the Commission in its Final Order in Case No. PUR-2017-00038,[6] plus a 100 basis point enhanced return applicable to a combined-cycle generating station as described in Code § 56-585.1 A 6.[7] For purposes of calculating the Actual Cost True-Up Factor, the Company utilized an ROE of 10.6% for the months of January 2017 through March 2017, which comprises the general ROE of 9.6% approved by the Commission in its Final Order in Case No. PUE-2015-00059,[8] plus the 100 basis point enhanced return; an ROE of 10.4% for the period of April 1, 2017, through November 28, 2017, which comprises the general ROE of 9.4% approved by the Commission in its Order in Case No. PUE-2016-00061,[9] plus the 100 basis point enhanced return; and an ROE of 10.2% for the period of November 29, 2017, through December 31, 2017, which comprises the general ROE of 9.2% approved by the Commission in its 2017 ROE Order, plus the 100 basis point enhanced return.[10]

The Company requested a Projected Cost Recovery Factor revenue requirement of $55,408,000 and an Actual Cost True-Up Factor revenue requirement of $3,274,000.[11] Thus, the Company requested a total revenue requirement of $58,682,000 for service rendered during the 2019 Rate Year.[12]

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[1] Ex. 2 (Application) at 1; Ex. 4 (Robertson Direct) at 1.

[2] *Application of Virginia Electric and Power Company, For a certificate to construct and operate a generating facility; for certificates of public convenience and necessity for a transmission line: Bear Garden Generating Station and Bear Garden-Bremo 230 kV Transmission Interconnection Line*, Case No. PUE-2008-00014, 2009 S.C.C. Ann. Rept. 296, Final Order (Mar. 27, 2009); *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,* Case No. PUE-2009-00017, 2009 S.C.C. Ann. Rept. 416, Order Approving Rate Adjustment Clause (Dec. 16, 2009).

[3] Ex. 2 (Application) at 4.

[4] *Id.* at 4, 6.

[5] *Id*. at 7.

[6] *Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses,* Case No. PUR-2017-00038, 2017 S.C.C. Ann. Rept. 475, Final Order (Nov. 29, 2017) ("2017 ROE Order").

[7] Ex. 2 (Application) at 6; Ex. 4 (Robertson Direct) at 4.

[8] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station*, Case No. PUE-2015-00059, 2016 S.C.C. Ann. Rept. 245, Final Order (Feb. 29, 2016).

[9] *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station*, Case No. PUE-2016-00061, 2017 S.C.C. Ann. Rept. 345, Final Order (Feb. 27, 2017).

[10] Ex. 2 (Application) at 6; Ex. 4 (Robertson Direct) at 4.

[11] Ex. 2 (Application) at 8; Ex. 4 (Robertson Direct) at 10.

[12] Ex. 2 (Application) at 8; Ex. 4 (Robertson Direct) at 10.

The Company proposed a change in the methodology for the calculation of a certain allocation factor beginning in 2018 to recognize the output of certain non-utility generators to be used to allocate cost responsibility to the Virginia jurisdiction.[13] In addition, with the exception of the removal of certain federal and retail choice customers from the Virginia jurisdiction, the Company indicated it calculated the proposed Rider R rates in accordance with the same methodology as used for rates approved by the Commission in the most recent Rider R proceeding, Case No. PUR 2017-00072.[14]

On June 18, 2018, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application; scheduled a public hearing on the Application; required Dominion to publish notice of its Application; gave interested persons the opportunity to comment on, or participate in the proceeding; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission. Notices of participation were filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") and the Virginia Committee for Fair Utility Rates.

On October 30, 2018, the Commission Staff ("Staff") filed its Motion to Adjudicate Issue in Designated Docket. In its Motion, Staff, with Dominion's concurrence, moved the Commission to adjudicate in a single designated Dominion rate adjustment clause ("RAC") proceeding, an accounting issue presented in five such pending Dominion RAC dockets ("Pending RAC Dockets").[15] The single issue presented is whether the Company's excess deferred income taxes ("EDIT") related to the deferral balance should impact the calculation of the Projected Cost Recovery Factor revenue requirement in each of the Pending RAC Dockets ("EDIT Issue"). Specifically, Staff proposed that the EDIT Issue be litigated in Dominion's Rider W docket, the first Pending RAC Docket scheduled for hearing, and not in the pending Rider B, GV, R, and S dockets.[16] Staff proposed that the Commission's decision in the Rider W docket apply to the Pending RAC Dockets as well as serve as precedent for the future RAC dockets.[17] The Hearing Examiner granted the Motion to Adjudicate Issue in Designated Docket on November 1, 2018.

On December 14, 2018, Staff filed testimony. In its prefiled testimony, Staff, among other things, stated that it did not oppose Dominion's proposed changes to the Company's calculation of its allocation methodology, Factor 1.[18]

In all the Pending RAC Dockets, Staff took the position that Dominion failed to reclassify the excess amount of accumulated deferred income tax ("ADIT") related to the (in this case, Rider R) deferral to a regulatory liability on its books, in contravention of the Commission's Order in Case No. PUR-2018-00005 ("TCJA Order"),[19] which directed public utilities subject to the Tax Cuts and Jobs Act of 2017[20] to accrue regulatory liabilities reflecting the Virginia Jurisdictional revenue requirement impacts of the reduced income tax rate.[21] Staff asserted that Dominion should have reduced tax expense to reflect EDIT amortization related to the Company's recovery of its Rider R deferral balance. Staff further contends that rate base should be reduced by the 13-month average rate year unamortized EDIT balance to recognize that ADIT (which includes unamortized EDIT) is a source of customer-supplied capital until returned to customers through rates.[22]

On January 9, 2019, Dominion filed its rebuttal testimony. In its rebuttal testimony, Dominion disagreed with Staff's assertion that the Company did not reclassify sufficient amounts of EDIT related to Rider R in violation of the Commission's Order in Case No. PUR-2018-00005.[23] Dominion explained that because the Rider R Deferral was not collected from customers in prior period rates, the re-measurement of the accompanying ADIT does not represent refundable EDIT, and therefore, should not be reclassified as a regulatory liability for future reflection in customer rates as part of the Rider.[24]

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[13] Ex. 5 (Haynes Direct) at 1.

[14] *Id.* at 10; *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station*, Case No. PUR-2017-00072, Doc. Con. Cen. No. 180210240, Final Order (Feb. 9, 2018).

[15] The five pending dockets are: *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations for the Rate Year Commencing April 1, 2019*, Case No. PUR-2018-00083 ("Rider B"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider GV, Greensville County Power Station*, Case No. PUR-2018-00084 ("Rider GV"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station*, Case No. PUR-2018-00085 ("Rider R"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUR-2018-00086 ("Rider S"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUR-2018-00087 ("Rider W"). The Motion to Adjudicate Issue in Designated Docket was filed in each proceeding.

[16] Motion to Adjudicate Issue in Designated Docket at 2.

[17] *Id.* at 3.

[18] Ex. 8 (Boehnlein) at 3-5.

[19] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Regulatory Accounting related to the Tax Cuts and Jobs Act of 2017*, Case No. PUR-2018-00005, Doc. Con. Cen. No. 180110073, Order (Jan. 8, 2018).

[20] Pub.L. 115-97; 131 Stat. 2054 (2017).

[21] Ex. 6 (Morgan) at 10-11.

[22] *Id.* at 11.

[23] Ex. 9 (Gabbert Rebuttal) at 4-8. *See also* Ex. 10 (Robertson Rebuttal). In Company witness Robertson's rebuttal testimony, Dominion also provided updates and accepted the short-term debt amount and short-term debt cost rate of 1.57% provided in Staff testimony.

[24] Ex. 9 (Gabbert Rebuttal) at 7.

The Hearing Examiner convened a hearing as scheduled on January 23, 2019. No public witnesses appeared to testify at the hearing.[25] The Company, Staff, and Consumer Counsel participated at the hearing. During this proceeding, the Company and Staff presented three possible revenue requirements: (a) $58,682,000 reflects the revenue requirement should the Commission adopt the Company's position on the EDIT Issue in this case;[26] (b) $57,131,000 reflects the revenue requirement should the Commission adopt Staff's position on the EDIT Issue in this case;[27] and (c) $57,488,000 reflects the revenue requirement should the Commission adopt Staff's position on the EDIT Issue in this case, but remove the depreciation component of the deferral balance.[28] At the hearing, Consumer Counsel noted its support for Staff's position on the EDIT Issue and that Consumer Counsel has no objection to the revenue requirement.[29]

On January 29, 2019, the Hearing Examiner issued the Report of Mary Beth Adams, Hearing Examiner ("Report"). In her Report, the Hearing Examiner deferred the EDIT Issue to the decision in Rider W, Case No. PUR-2018-00087. Pending the decision in that case, the Hearing Examiner found that, for recovery through Rider R rates during the rate year commencing April 1, 2019, the Commission should approve an updated Rider R revenue requirement of: (a) $58,682,000, if the Commission adopts the Company's position on the EDIT Issue; (b) $57,131,000, if the Commission adopts Staff's position on the EDIT Issue; or (c) $57,488,000, if the Commission adopts Staff's position on the EDIT Issue, except that the depreciation component of the deferral balance is removed.[30]

On February 1, 2019, Staff filed comments on the Report to affirm that it did not object to the findings and recommendations in the Report, subject to the Commission's determination of the EDIT Issue in Rider W. On February 1, 2019, Dominion filed comments on the Report. Dominion noted that the Hearing Examiner accurately described the three potential options before the Commission, but continues to support its proposed revenue requirement, including its proposed treatment of EDIT. Consumer Counsel filed no comments on the Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Rider R revenue requirement is $57,488,000, based on a Projected Cost Recovery Factor revenue requirement of $54,199,000, and an Actual Cost True Up Factor revenue requirement of $3,289,000. We adopt the findings and recommendations set forth in the Report.

With regard to the EDIT Issue, we adopt the findings and recommendations set forth in the Report of Alexander Skirpan, Jr., Chief Hearing Examiner, issued in Case No. PUR-2018-00087 on January 23, 2019, as they pertain to this issue. Dominion shall return the EDIT related to the Rider R deferral to customers. Dominion's proposal to book the EDIT related to the Rider R deferral as income is inconsistent with the Commission's TCJA Order, where we directed that:

> to ensure the corporate tax rate reduction contained in the Act can ultimately benefit the customers of these utilities through rates, the Commission hereby orders that, effective January 1, 2018, Virginia utilities to which the Act's tax cut provisions are applicable shall accrue regulatory liabilities reflecting the Virginia jurisdictional revenue requirement impacts of the reduced corporate income tax rate.[31]

We further agree with the Chief Hearing Examiner that out of an abundance of caution, Dominion shall exclude the depreciation related EDIT amortization included in the Rider R deferral in this proceeding and reflect a reduction in rate base to recognize the associated unamortized depreciation related EDIT included in the Rider R deferral that will be amortized and returned to customers in a future proceeding.

Accordingly, IT IS ORDERED THAT:

(1) Rider R, as approved herein with an updated revenue requirement in the amount of $57,488,000, shall become effective for service rendered on and after April 1, 2019.

(2) The Company forthwith shall file a revised Rider R and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) On or before June 28, 2019, the Company shall file an application to revise Rider R effective April 1, 2020.

(4) This case is dismissed.

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[25] Tr. at 4.

[26] Ex. 10 (Robertson Rebuttal) at 7.

[27] Ex. 6 (Morgan) at 14.

[28] *See* Ex. 12 and 13.

[29] *See* Tr. at 11.

[30] Report at 12.

[31] TCJA Order at 1.

CASE NO. PUR-2018-00086
FEBRUARY 27, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center

FINAL ORDER

On June 1, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia ("Code"), filed with the State Corporation Commission ("Commission") an annual update of the Company's rate adjustment clause, Rider S ("Application"). Through its Application, the Company seeks to recover costs associated with the Virginia City Hybrid Energy Center ("VCHEC"), a 600 megawatt nominal coal-fueled generating plant and associated transmission interconnection facilities in Wise County, Virginia.[1]

In Case No. PUE-2007-00066, the Commission approved Dominion's construction and operation of VCHEC and also approved a rate adjustment clause, designated Rider S, for Dominion to recover costs associated with the development of the Project.[2] VCHEC became fully operational in 2012.[3]

In this proceeding, Dominion asks the Commission to approve Rider S for the rate year beginning April 1, 2019, and ending March 31, 2020 ("2019 Rate Year").[4] The two components of the proposed total revenue requirement for the 2019 Rate Year are the Projected Cost Recovery Factor and the Actual Cost True-Up Factor.[5] For purposes of calculating the Projected Cost Recovery Factor in this case, Dominion uses a rate of return on common equity ("ROE") of 10.2%, which is the general ROE of 9.2% approved by the Commission in its Final Order in Case No. PUR-2017-00038,[6] plus a 100 basis point enhanced return applicable to a conventional coal generating station as described in Code § 56-585.1 A 6.[7] For purposes of calculating the Actual Cost True-Up Factor, the Company utilized an ROE of 10.6% for the months of January 2017 through March 2017, which comprises the general ROE of 9.6% approved by the Commission in its Final Order in Case No. PUE-2015-00060,[8] plus the 100 basis point enhanced return; an ROE of 10.4% for the period of April 1, 2017, through November 28, 2017, which comprises the general ROE of 9.4% approved by the Commission in its Order in Case No. PUE-2016-00062,[9] plus the 100 basis point enhanced return; and an ROE of 10.2% for the period of November 29, 2017, through December 31, 2017, which comprises the general ROE of 9.2% approved by the Commission in its 2017 ROE Order, plus the 100 basis point enhanced return.[10]

In its Application, the Company requests a Projected Cost Recovery Factor revenue requirement of $208,664,000 and an Actual Cost True-Up Factor revenue requirement of $11,302,000.[11] Thus, the Company is requesting a total revenue requirement of $219,966,000 for service rendered during the 2019 Rate Year.[12]

The Company proposes a change in the methodology for the calculation of a certain allocation factor beginning in 2018 to recognize the output of certain non-utility generators to be used to allocate cost responsibility to the Virginia jurisdiction.[13] In addition, with the exception of the removal of certain federal and retail choice customers from the Virginia jurisdiction, the Company indicates it has calculated the proposed Rider S rates in accordance with the same methodology as used for rates approved by the Commission in the most recent Rider S proceeding.[14]

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[1] Exhibit ("Ex.") 2 (Application) at 1; Ex. 4 (Moore Direct) at 1.

[2] *Application of Virginia Electric and Power Company, For a certificate of public convenience and necessity to construct and operate an electric generation facility in Wise County, Virginia, and for approval of a rate adjustment clause under §§ 56-585.1, 56-580 D, and 56-46.1 of the Code of Virginia*, Case No. PUE-2007-00066, 2008 S.C.C. Ann. Rept. 385, Final Order (Mar. 31, 2008).

[3] Ex. 2 (Application) at 5.

[4] *Id.* at 5, 7.

[5] *Id*. at 8.

[6] *Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses,* Case No. PUR-2017-00038, 2017 S.C.C. Ann. Rept. 475, Final Order (Nov. 29, 2017) ("2017 ROE Order").

[7] Ex. 2 (Application) at 7; Ex. 4 (Moore Direct) at 3.

[8] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2015-00060, 2016 S.C.C. Ann. Rept. 250, Final Order (Feb. 29, 2016).

[9] *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUE-2016-00062, 2017 S.C.C. Ann. Rept. 347, Order (Feb. 16, 2017).

[10] Ex. 4 (Moore Direct) at 3-4.

[11] Ex. 2 (Application) at 8; Ex. 4 (Moore Direct) at 10.

[12] Ex. 2 (Application) at 8; Ex. 4 (Moore Direct) at 10. Alternatively, Dominion requests a rate effective date for usage on the first day of the month that is at least 15 days following the date of any Commission order approving Rider S, if such date is later than April 1, 2019. Ex. 2 (Application) at 9.

[13] Ex. 5 (Haynes Direct) at 1-2, 5-10.

[14] *Id.* at 10.

On June 12, 2018, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application; scheduled a public hearing on the Application; required Dominion to publish notice of its Application; gave interested persons the opportunity to comment on, or participate in the proceeding; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission. Notices of participation were filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") and Culpeper County.

On November 2, 2018, Commission Staff ("Staff") filed testimony. In its prefiled testimony, Staff, among other things, does not oppose Dominion's proposed changes to the Company's calculation of its allocation methodology, Factor 1.[15]

On October 30, 2018, Staff filed its Motion to Adjudicate Issue in a Designated Docket. In its Motion, Staff, with Dominion's concurrence, moved the Commission to adjudicate in a single designated Dominion rate adjustment clause ("RAC") proceeding, an accounting issue presented in five such pending Dominion RAC dockets ("Pending RAC Dockets").[16] The single issue presented is whether the Company's excess deferred income taxes ("EDIT") related to the deferral balance should impact the calculation of the Projected Cost Recovery Factor revenue requirement in each of the Pending RAC Dockets ("EDIT Issue"). Specifically, Staff proposed that the EDIT Issue be litigated in Dominion's Rider W docket, the first Pending RAC Docket scheduled for hearing, and not in the pending Rider B, GV, R, and S dockets.[17] Staff proposed that the Commission's decision in the Rider W docket apply to the Pending RAC Dockets as well as serve as precedent for future RAC dockets.[18] The Hearing Examiner granted the Motion to Adjudicate Issue in Designated Docket on November 1, 2018.

In all the Pending RAC Dockets, Staff takes the position that Dominion failed to reclassify the excess amount of accumulated deferred income tax ("ADIT") related to the (in this case, Rider S) deferral to a regulatory liability on its books, in contravention of the Commission's Order in Case No. PUR-2018-00005 ("TCJA Order"),[19] which directed public utilities subject to the Tax Cuts and Jobs Act of 2017[20] to accrue regulatory liabilities reflecting the Virginia Jurisdictional revenue requirement impacts of the reduced income tax rate.[21] Staff asserts that Dominion should have reduced tax expense to reflect EDIT amortization related to the Company's recovery of its Rider S deferral balance. Staff further contends that rate base should be reduced by the 13-month average rate year unamortized EDIT balance to recognize that ADIT (which includes unamortized EDIT) is a source of customer-supplied capital until returned to customers through rates.[22]

On November 16, 2018, Dominion filed its rebuttal testimony. In its rebuttal testimony, Dominion disagrees with Staff's assertion that the Company did not reclassify sufficient amounts of EDIT related to Rider S in violation of the TCJA Order.[23] Dominion explains that because the Rider S deferral was not collected from customers in prior period rates, the re-measurement of the accompanying ADIT does not represent refundable EDIT, and therefore, should not be reclassified as a regulatory liability for future reflection in customer rates as part of the Rider.[24] Dominion further notes that EDIT related to any portion of the Rider S deferral related to under-recovery of depreciation expense would be subject to Internal Revenue Service Normalization Rules.[25]

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[15] Ex. 8 (Ferrell) at 3-6.

[16] The five pending dockets are: *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations for the Rate Year Commencing April 1, 2019*, Case No. PUR-2018-00083 ("Rider B"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider GV, Greenville County Power Station*, Case No. PUR-2018-00084 ("Rider GV"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station*, Case No. PUR-2018-00085 ("Rider R"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUR-2018-00086 ("Rider S"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUR-2018-00087 ("Rider W"). The Motion to Adjudicate Issue in Designated Docket was filed in each proceeding.

[17] Motion to Adjudicate Issue in Designated Docket at 2.

[18] *Id.* at 3.

[19] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Regulatory Accounting related to the federal Tax Cuts and Jobs Act of 2017*, Case No. PUR-2018-00005, Doc. Con. Cen. No. 180110073, Order (Jan. 8, 2018).

[20] Pub.L. 115-97; 131 Stat. 2054 (2017).

[21] Ex. 6 (Morgan) at 9-11.

[22] *Id.* at 11.

[23] Ex. 9 (Gabbert Rebuttal) at 5-9. *See also* Ex. 10 (Moore Rebuttal) at 2-6. In Company witness Moore's rebuttal testimony, Dominion also provided updates and accepted the short-term debt amount and short-term debt cost rate of 1.57% provided in Staff testimony. *See id.* at 6.

[24] Ex. 9 (Gabbert Rebuttal) at 7.

[25] *Id.* at 9.

The Hearing Examiner convened a hearing as scheduled on December 5, 2018. No public witnesses appeared to testify at the hearing.[26] The Company, Staff, and Consumer Counsel participated at the hearing. At the hearing, both the Company and Staff introduced exhibits providing an identical, alternative calculation of the Rider S revenue requirement if it incorporates Staff's EDIT recommendation except for the depreciation component of the Rider S deferral balance.[27] At the hearing, Consumer Counsel noted its support for Staff's position on the EDIT Issue.[28]

On December 12, 2018, the Hearing Examiner issued the Report of A. Ann Berkebile, Hearing Examiner ("Report"). In her Report, the Hearing Examiner deferred the EDIT Issue to the decision in Rider W, Case No. PUR-2018-00087. Pending the decision in that case, the Hearing Examiner found that, for recovery through Rider S rates during the rate year commencing April 1, 2019, the Commission should approve an updated Rider S revenue requirement of: (a) $219.966 million, if the Commission adopts the Company's position on the EDIT Issue; (b) $213.91 million, if the Commission adopts Staff's position on the EDIT Issue; or (c) $214.870 million, if the Commission adopts Staff's position on the EDIT Issue, except that the depreciation component of the deferral balance is removed.[29]

On December 18, 2018, Staff filed comments on the Report to clarify Staff's recommended revenue requirement incorporated a minor correction identified in the Company's rebuttal testimony. The Staff otherwise notes that it does not object to the findings and recommendations in the Report. On December 28, 2018, Dominion filed comments on the Report, noting that it continues to support its proposed treatment of EDIT. No other comments on the Report were filed.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Rider S revenue requirement is $214.870 million, based on a Projected Cost Recovery Factor revenue requirement of $203.516 million, and an Actual Cost True Up Factor revenue requirement of $11.354 million. We adopt the findings and recommendations set forth in the Report. We also find that the Company's proposed methodology for calculating Factor 1 to allocate Rider S costs for the Projected Cost Recovery Factor is reasonable.

With regard to the EDIT Issue, we adopt the findings and recommendations set forth in the Report of Alexander F. Skirpan, Jr., Chief Hearing Examiner, issued in Case No. PUR-2018-00087 on January 23, 2019, as they pertain to this issue, for the reasons set forth therein. Dominion shall return the EDIT related to the Rider S deferral to customers. Dominion's proposal to book the EDIT related to the Rider S deferral as income is inconsistent with the Commission's TCJA Order, where we directed that:

> to ensure that the corporate tax rate reduction contained in the [TCJA] can ultimately benefit the customers of these utilities through rates, the Commission hereby orders that, effective January 1, 2018, Virginia utilities to which the [TCJA's] tax cut provisions are applicable shall accrue regulatory liabilities reflecting the Virginia jurisdictional revenue requirement impacts of the reduced corporate income tax rate.[30]

We further agree with the Chief Hearing Examiner that out of an abundance of caution, Dominion shall exclude the depreciation related EDIT amortization included in the Rider S deferral in this proceeding and reflect a reduction in rate base to recognize the associated unamortized depreciation related EDIT included in the Rider S deferral that will be amortized and returned to customers in a future proceeding.[31]

Accordingly, IT IS ORDERED THAT:

(1) Rider S, as approved herein with an updated revenue requirement in the amount of $214.870 million, shall become effective for service rendered on and after April 1, 2019.

(2) The Company forthwith shall file a revised Rider S and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) On or before June 28, 2019, the Company shall file an application to revise Rider S effective April 1, 2020.

(4) This case is dismissed.

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[26] Tr. 4.

[27] *See* Ex. 11, 12.

[28] Tr. 10.

[29] Report at 1, 9-10; Ex. 11, 12.

[30] TCJA Order at 1-2.

[31] Rider W, Report of Alexander F. Skirpan, Jr., Chief Hearing Examiner at 22-23 (Jan. 23, 2019).

CASE NO. PUR-2018-00087
FEBRUARY 27, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider W, Warren County Power Station

FINAL ORDER

On June 1, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed its application ("Application") with the State Corporation Commission ("Commission") to update its rate adjustment clause ("RAC") through which it recovers costs associated with its Warren County Power Station ("Rider W"), approved by the Commission for construction in 2012.[1] The plant began commercial operation in 2014.[2]

In this proceeding, Dominion has asked the Commission to approve Rider W for the rate year beginning April 1, 2019, and ending March 31, 2020 ("2019 Rate Year").[3] The two components of the proposed total revenue requirement for the 2019 Rate Year are the Projected Cost Recovery Factor and the Actual Cost True-Up Factor.[4] The Company is requesting a Projected Cost Recovery Factor revenue requirement of $103,327,000 and an Actual Cost True-Up Factor revenue requirement of $3,786,000.[5] Thus, the Company is requesting a total revenue requirement of $107,113,000 for service rendered during the 2019 Rate Year.[6]

For purposes of calculating the Projected Cost Recovery Factor in this case, Dominion used a rate of return on common equity ("ROE") of 10.2%, which is the general ROE of 9.2% approved by the Commission in its Final Order in Case No. PUR-2017-00038,[7] plus a 100 basis point enhanced return applicable to a combined-cycle generating station as described in Code of Virginia § 56-585.1 A 6.[8] For purposes of calculating the Actual Cost True-Up Factor, the Company utilized an ROE of 10.6% for the months of January 2017 through March 2017, which comprises the general ROE of 9.6% approved by the Commission in its Final Order in Case No. PUE-2015-00061,[9] plus the 100 basis point enhanced return; an ROE of 10.4% for the period of April 1, 2017, through November 28, 2017, which comprises the general ROE of 9.4% approved by the Commission in its Order in Case No. PUE-2016-00063,[10] plus the 100 basis point enhanced return; and an ROE of 10.2% for the period of November 29, 2017, through December 31, 2017, which comprises the general ROE of 9.2% approved by the Commission in its 2017 ROE Order, plus the 100 basis point enhanced return.[11]

The Company proposes a change in the methodology for the calculation of a certain allocation factor beginning in 2018 to recognize the output of certain non-utility generators to be used to allocate cost responsibility to the Virginia jurisdiction.[12] In addition, with the exception of the removal of certain Federal and retail choice customers from the Virginia jurisdiction, the Company indicates it has calculated the proposed Rider W rates in accordance with the same methodology as used for rates approved by the Commission in the most recent Rider W proceeding, Case No. PUR-2017-00074.[13]

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[1] *Application of Virginia Electric and Power Company, For approval and certification of the proposed Warren County Power Station electric generation and related transmission facilities under §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia and for approval of a rate adjustment clause, designated as Rider W, under § 56-585.1 A 6 of the Code of Virginia,* Case No. PUE-2011-00042, 2012 S.C.C. Ann. Rept. 263, Final Order (Feb. 2, 2012).

[2] Ex. 2 (Application) at 4.

[3] *Id.* at 4, 6.

[4] *Id*. at 6.

[5] *Id*. at 7; Ex. 6 (Givens Direct) at 10.

[6] Ex. 2 (Application) at 7; Ex. 6 (Givens Direct) at 10. Alternatively, Dominion requests a rate effective date for usage on the first day of the month that is at least 15 days following the date of any Commission order approving Rider W, if such date is later than April 1, 2019. Ex. 2 (Application) at 8.

[7] *Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses,* Case No. PUR-2017-00038, 2017 S.C.C. Ann. Rept. 475, Final Order (Nov. 29, 2017) ("2017 ROE Order").

[8] Ex. 2 (Application) at 5-6; Ex. 6 (Givens Direct) at 3.

[9] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUE-2015-00061, 2016 S.C.C. Ann. Rept. 255, Final Order (Feb. 29, 2016).

[10] *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUE-2016-00063, Doc. Con. Cen. No. 170220480, Order (Feb. 16, 2017).

[11] Ex. 2 (Application) at 6; Ex. 6 (Givens Direct) at 3-4.

[12] *See, e.g.,* Ex. 8 (Haynes Direct) at 1-2.

[13] *Id.* at 10-13; *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUR-2017-00074, Doc. Con. Cen. No. 180220188, Final Order (Feb. 14, 2018).

On June 12, 2018, the Commission issued its Order for Notice and Hearing that, among other things, docketed the Application; scheduled a public hearing on the Application for November 8, 2018; required Dominion to publish notice of its Application; gave interested persons the opportunity to comment on, or participate in the proceeding; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission. Notices of participation were filed by the Virginia Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), the Virginia Committee for Fair Utility Rates ("Committee"), and Culpeper County, Virginia. No public comments were received.

On October 12, 2018, the Commission Staff ("Staff") filed direct testimony of Chris Harris, principal utility analyst with the Commission's Division of Utility Accounting and Finance ("UAF"); Justin M. Morgan, principal utility accountant with UAF; Phillip M. Gereaux, senior utility analyst in UAF; and David J. Dalton, utilities analyst with the Commission's Division of Public Utility Regulation. In its prefiled testimony, Staff, among other things, does not oppose Dominion's proposed changes to the Company's calculation of its allocation methodology, Factor 1.[14]

On October 30, 2018, Staff filed its Motion to Adjudicate Issue in a Designated Docket. In its Motion, Staff, with Dominion's concurrence, moved the Commission to adjudicate in this single proceeding, an accounting issue presented in five pending Dominion RAC dockets ("Pending RAC Dockets").[15] The single issue presented is whether the Company's excess deferred income taxes ("EDIT") related to the deferral balance should impact the calculation of the Projected Cost Recovery Factor revenue requirement in each of the Pending RAC Dockets ("EDIT Issue"). Specifically, Staff proposed that the EDIT Issue be litigated in this Rider W docket, the first Pending RAC Docket scheduled for hearing, and not in Dominion's pending Rider B, GV, R, and S dockets.[16] Staff proposed that the Commission's decision in this docket apply to the Pending RAC Dockets as well as serve as precedent for future RAC dockets.[17] The Hearing Examiner granted the Motion to Adjudicate Issue in a Designated Docket on November 1, 2018.

Staff witness Justin Morgan takes the position that Dominion failed to reclassify the excess amount of accumulated deferred income tax ("ADIT") related to the (in this case, Rider W) deferral to a regulatory liability on its books, in contravention of the Commission's Order in Case No. PUR-2018-00005 ("TCJA Order"),[18] which directed public utilities subject to the Tax Cuts and Jobs Act of 2017 ("TCJA")[19] to accrue regulatory liabilities reflecting the Virginia Jurisdictional revenue requirement impacts of the reduced income tax rate.[20] Staff witness Morgan asserts that Dominion should have reduced tax expense to reflect EDIT amortization related to the Company's recovery of its Rider W deferral balance. Staff witness Morgan further contends that rate base should be reduced by the 13-month average rate year unamortized EDIT balance to recognize that ADIT (which includes unamortized EDIT) is a source of customer-supplied capital until returned to customers through rates.[21] The issue common to each Pending RAC Docket, the treatment of Dominion's EDIT, as impacted by the TCJA, was the only issue contested by the participants in this proceeding.

On October 26, 2018, Dominion filed rebuttal testimony. In rebuttal testimony, Dominion witness James F. Gabbert disagrees with Staff's assertion that the Company did not reclassify sufficient amounts of EDIT related to Rider W in violation of the Commission's TCJA Order.[22] Dominion witness Gabbert explains that because the Rider W deferral was not collected from customers in prior period rates, the re-measurement of the accompanying ADIT does not represent refundable EDIT, and therefore, should not be reclassified as a regulatory liability for future reflection in customer rates as part of the Rider.[23] Dominion further notes that EDIT related to any portion of the Rider W deferral related to under-recovery of depreciation expense would be subject to Internal Revenue Service Normalization Rules.[24]

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[14] *See, e.g.,* Ex. 12 (Dalton) at 5-6.

[15] The five pending dockets are: *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations for the Rate Year Commencing April 1, 2019*, Case No. PUR-2018-00083 ("Rider B"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider GV, Greensville County Power Station*, Case No. PUR-2018-00084 ("Rider GV"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider R, Bear Garden Generating Station*, Case No. PUR-2018-00085 ("Rider R"); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center*, Case No. PUR-2018-00086 ("Rider S"); and *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUR-2018-00087. The Motion to Adjudicate Issue in a Designated Docket was filed in each proceeding.

[16] Motion to Adjudicate Issue in a Designated Docket at 2.

[17] *Id.* at 3.

[18] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Regulatory accounting related to the federal Tax Cuts and Jobs Act of 2017*, Case No. PUR-2018-00005, Doc. Con. Cen. No. 180110073, Order (Jan. 8, 2018).

[19] Pub.L. 115-97; 131 Stat. 2054 (2017).

[20] Ex. 13 (Morgan) at 7-8.

[21] *Id.* at 8-9.

[22] Ex. 16 (Gabbert Rebuttal) at 5-8. *See also* Ex. 17 (Givens Rebuttal) at 2. In Company witness Given's rebuttal testimony, Dominion accepts revisions to cash working capital and the short-term debt amount and short-term debt cost rate of 1.57% provided in Staff testimony. Because the result of Staff's corrections increased the amount of the Company's currently proposed Rider W revenue requirement, the corrected proposed revenue requirement would cause the Company's Rider W tariff rates to exceed the total tariff rates originally proposed in the Application as well as the tariff rates publicly noticed. Therefore, the Company maintains that it is limiting its proposed revenue requirement to that equal to the originally filed proposed revenue requirement, $107.113 million. *See* Ex. 17 (Givens Rebuttal) at 6-7. Any difference between the two amounts, according to Dominion, can be addressed in a future proceeding.

[23] Ex. 16 (Gabbert Rebuttal) at 7.

[24] *Id.* at 8-9.

The Hearing Examiner convened a hearing as scheduled on November 8, 2018. The Company, Staff, Consumer Counsel, and the Committee participated in the hearing. No public witnesses appeared. At the hearing, both Consumer Counsel and the Committee indicated their support for Staff's position on the EDIT Issue.[25]

As directed by the Hearing Examiner, on December 21, 2018, the Company, Staff, Consumer Counsel, and the Committee filed post-hearing briefs supporting their positions.

On January 23, 2019, Chief Hearing Examiner Alexander F. Skirpan, Jr., issued his Report. He summarized his findings on page 1 of the Report:

> The Company seeks an adjustment to Rider W designed to recover a total annual revenue requirement of $107.113 million. The only issue raised in this proceeding concerns the treatment of EDIT related to under-recovered amounts. This issue is common to pending proceedings concerning Riders S, B, GV, and R. . . . The Company seeks to retain such EDIT as income and Staff, Consumer Counsel and the Committee recommend that this EDIT be returned to customers, which produces a revenue requirement of $104.304 million. The Company raised a normalization issue related to Staff's proposed methodology. This issue may be avoided by eliminating the amortization of EDIT related to the under-recovered amounts attributed to depreciation expense, but including such unamortized EDIT in rate base. Such a treatment produces a Rider W revenue requirement of $104.900 million. While I agree with Staff that its proposed methodology does not violate IRS Normalization Rules, out of an abundance of caution, I recommend that the Commission take the latter approach and set Rider W rates to collect a revenue requirement of $104.900 million.

The Chief Hearing Examiner further found and recommended that Rider W rates be designed to recover the approved revenue requirement based on the Company's class allocation and rate design methodology presented by Company witness Haynes.[26]

The Report succinctly rejects the Company's assertion that, because it experienced under-recoveries in its Rider W revenue collections during the period of 2015-17, Dominion had insufficient revenues against which to take income tax deductions. The Chief Hearing Examiner "found no indication in the record that the Company failed to have sufficient revenues or taxable income to have deducted the under-recoveries from 2015-2017."[27] He found that "the income tax savings realized by [Dominion] due to under-recoveries from 2015-2017, demonstrates that the Company actually paid less in income taxes to the U.S. Treasury than it collected from its customers."[28] He further agreed with Staff, Consumer Counsel, and the Committee that Dominion's proposal to keep the tax benefits from the TCJA related to EDIT for the Rider W deferral is inconsistent with the Commission's *TCJA Order*.[29]

On February 13, 2019, the Company, Consumer Counsel, and Staff filed comments on the Report maintaining their positions on the EDIT Issue.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Rider W revenue requirement for the 2019 Rate Year is $104.900 million, based on a Projected Cost Recovery Factor revenue requirement of $101.079 million, and an Actual Cost True-Up Factor revenue requirement of $3.821 million. Regarding the EDIT Issue, we adopt the findings and recommendations set forth in the Report as they pertain to this issue for the reasons set forth therein. Dominion shall return the EDIT related to the Rider W deferral to customers. Dominion's proposal to book the EDIT related to the Rider W deferral as income is inconsistent with the Commission's TCJA Order, where we directed that:

> to ensure that the corporate tax rate reduction contained in the [TCJA] can ultimately benefit the customers of these utilities through rates, the Commission hereby orders that, effective January 1, 2018, Virginia utilities to which the [TCJA's] tax cut provisions are applicable shall accrue regulatory liabilities reflecting the Virginia jurisdictional revenue requirement impacts of the reduced corporate income tax rate.[30]

We further agree with the Chief Hearing Examiner that out of an abundance of caution, Dominion shall exclude the depreciation-related EDIT amortization included in the Rider W deferral in this proceeding and reflect a reduction in rate base to recognize the associated unamortized depreciation-related EDIT included in the Rider W deferral that will be amortized and returned to customers in a future proceeding.[31]

Accordingly, IT IS ORDERED THAT:

(1) Rider W, as approved herein with an updated revenue requirement in the amount of $104.900 million, shall become effective for service rendered on and after April 1, 2019.

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[25] *See* Tr. 14-17.

[26] Report at 23.

[27] *Id.* at 20.

[28] *Id.* at 20-21.

[29] *Id.* at 21.

[30] TCJA Order at 1-2.

[31] Report at 22-23.

(2) The Company forthwith shall file a revised Rider W and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) On or before June 28, 2019, the Company shall file an application to revise Rider W effective April 1, 2020.

(4) This case is dismissed.

CASE NO. PUR-2018-00088
MAY 30, 2019

PETITION OF
COSTCO WHOLESALE CORPORATION

For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia

FINAL ORDER

On June 1, 2018, Costco Wholesale Corporation ("Costco") filed with the State Corporation Commission ("Commission") a petition ("Petition") seeking permission to aggregate or combine the demands of specific nonresidential customers of electric energy pursuant to Code § 56-577(A)(4).

Under Code § 56-577(A)(3), retail access to competitive electricity supply is available to certain large customers with demand exceeding five megawatts. For the purpose of meeting the demand limitations of Code § 56-577(A)(3), certain customers may petition for Commission approval to aggregate or combine their demands.[1] Costco seeks the Commission's permission to aggregate or combine the demands of 27 of its retail accounts.[2] The Petition also identifies Virginia Electric and Power Company ("Dominion") as the local distribution company that is certificated to provide retail electric service in the area where Costco proposes to aggregate its load.[3]

On June 18, 2018, the Commission issued an Order for Notice and Comment that, among other things, established procedures for receiving public comments from interested persons regarding Costco's Petition ("June 2018 Order"). Calpine Energy Solutions LLC ("Calpine"), MP2 Energy NE LLC ("MP2"), and Dominion filed timely notices of participation as respondents in this proceeding.

On July 27, 2018, Costco filed a Motion for Expedited Consideration and Modification of Procedural Schedule ("First Scheduling Motion"). Costco requested that the provisions for written comments established in the Commission's June 2018 Order be cancelled, and that an evidentiary hearing be scheduled. Costco further stated that no party to this proceeding objected to setting the matter for hearing.[4]

On August 8, 2018, the Commission issued an order that granted the First Scheduling Motion, suspended the procedural schedule, and assigned a Hearing Examiner to conduct further proceedings in this matter. In accordance therewith, the Hearing Examiner convened a prehearing conference and established a hearing date.

On September 7, 2018, Costco filed a second Motion for Expedited Consideration and Modification of Procedural Schedule ("Second Scheduling Motion"), which asked for an extension of the hearing date. On September 11, 2018, the Hearing Examiner granted Costco's Second Scheduling Motion.

On January 8, 2019, the Hearing Examiner convened the rescheduled evidentiary hearing, in which the following participated: Costco; Calpine; MP2; Dominion; and Commission Staff ("Staff"). On March 6, 2019, all of the participants filed post-hearing briefs. On March 18, 2019, the Hearing Examiner issued his Report ("Report"). On April 8, 2019, Costco, Dominion, Calpine, and MP2 filed comments on the Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Petition is denied.

Code of Virginia

As set forth above, this Final Order addresses the Petition filed by Costco under Code § 56-577(A)(4) to aggregate the demand of retail facilities located in Dominion's certificated service territory and, thereby, to receive Commission approval to switch its supplier of electric power from Dominion to a third-party competitive service provider ("CSP"). The Commission's analysis necessarily begins with the statutory language granting it the discretionary authority to act in this matter. Code § 56-577(A)(4) states in full (emphases added):

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[1] Code § 56-577(A)(4) provides in part that "two or more individual nonresidential retail customers of electric energy within the Commonwealth, whose individual demand during the most recent calendar year did not exceed five megawatts, may petition the Commission for permission to aggregate or combine their demands . . . so as to become qualified to purchase electric energy from any supplier of electric energy licensed to sell retail electric energy within the Commonwealth . . . ."

[2] Petition at 1. The Petition provides, among other things, peak demand figures and locations for each customer. *Id.* at Attachment A.

[3] *Id.* at 1, 3.

[4] Motion at 1.

4. After the expiration or termination of capped rates, two or more individual nonresidential retail customers of electric energy within the Commonwealth, whose individual demand during the most recent calendar year did not exceed five megawatts, may petition the Commission for permission to aggregate or combine their demands, for the purpose of meeting the demand limitations of subdivision 3, so as to become qualified to purchase electric energy from any supplier of electric energy licensed to sell retail electric energy within the Commonwealth under the conditions specified in subdivision 3. The Commission *may*, after notice and opportunity for hearing, approve such petition if it finds that:

a. Neither such customers' *incumbent electric utility nor retail customers of such utility that do not choose to obtain electric energy from alternate suppliers will be adversely affected in a manner contrary to the public interest by granting such petition*. In making such determination, the Commission shall take into consideration, without limitation, the impact and effect of any and all other previously approved petitions of like type with respect to such incumbent electric utility; and

b. *Approval of such petition is consistent with the public interest*.

If such petition is approved, all customers whose load has been aggregated or combined shall thereafter be subject in all respects to the provisions of subdivision 3 and shall be treated as a single, individual customer for the purposes of said subdivision. In addition, the Commission shall impose reasonable periodic monitoring and reporting obligations on such customers to demonstrate that they continue, as a group, to meet the demand limitations of subdivision 3. If the Commission finds, after notice and opportunity for hearing, that such group of customers no longer meets the above demand limitations, the Commission may revoke its previous approval of the petition, or take such other actions as may be consistent with the public interest.

Prior Petitions

Costco's Petition represents the fourth request, and the third in Dominion's service territory, for what the Commission will refer to herein as "aggregated retail choice" under Code § 56-577(A)(4).[5] Although the potential for aggregated retail choice under this statute has existed since 2007, the first request was not submitted until 2017. The Commission approved that first request, finding that it was consistent with the public interest to approve the first petition to get actual information regarding the implementation of aggregated retail choice under this statute.[6] Accordingly, the Commission emphasized in that first case that "the result of this initial review is strictly limited to the instant case and does not establish specific rules for, or the eventual scope of, retail access under [Code § 56-577(A)(4)]," and that the Commission had not "created a *de minimis* standard for all aggregation requests."[7]

The next two petitions under this statute were filed by Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Walmart"), in which Walmart sought aggregated retail choice in both Dominion's and Appalachian Power Company's ("Appalachian") certificated service territories. The Commission denied Walmart's requests, finding "that granting either of the Petitions (a) will adversely affect, in a manner contrary to the public interest, customers not purchasing from alternate suppliers, and (b) is not consistent with the public interest."[8] The Commission found that Walmart's requests were not consistent with the public interest because of the costs that would be shifted to remaining customers – who do not (or cannot) switch to a CSP – in "the context of a decade of rising rates and the likelihood of even higher rates in the future."[9]

Costco's Petition

In the instant proceeding, Costco agreed with the Commission's finding in the Walmart Order that the current utility ratemaking structure in the Commonwealth is marked by ongoing rate increases and, further, confirmed that it is this very statutory ratemaking structure that Costco seeks to escape. For example, "Costco sought to aggregate its load based on Dominion's piling on of rate adjustment clauses [('RACs')], and it is the significant impact of the [RACs] … that provided the impetus for Costco filing an aggregation petition."[10] Costco's witness also explained that Costco wants "to pay cost of service rates that include a *reasonable* return," but that under the current statutory structure "Dominion has been over-earning on its frozen base rates for a number of years," and "it is enormously frustrating that an incumbent utility has an incentive to keep what I view as the *customer's money*."[11]

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[5] As required by Code § 56-577(A)(4)(a), the Commission herein takes "into consideration, without limitation, the impact and effect of any and all other previously approved petitions of like type with respect to such incumbent electric utility."

[6] *Petition of Reynolds Group Holdings Inc., For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia*, Case No. PUR-2017-00109, Opinion at 4-5 (May 16, 2018).

[7] *Id*. at 5-6.

[8] *Petition of Wal-Mart Stores East, LP and Sam's East, Inc., For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia*, Case No. PUR-2017-00174, *Petition of Wal-Mart Stores East, LP and Sam's East, Inc., For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia*, Case No. PUR-2017-00173, Final Order at 9 (Feb. 25, 2019) ("Walmart Order"). Walmart subsequently filed a Petition for Reconsideration of the Final Order.

[9] *Id*. at 13.

[10] Costco's Comments on the Report at 4-5.

[11] Ex. 14 (Reed Rebuttal) at 10 (emphasis added).

Costco further testified that "[u]nder the current circumstances, Dominion's overcharging and overearning are what makes Dominion so attractive to investors and so *unattractive to customers*."[12] Costco argued that a wave of commercial customers leaving the utility through aggregated retail choice is "sorely needed to send a strong price signal to Dominion that its multiple additions of [RACs] and its persistence in making new investments rather than providing base rate reductions or base rate credits are making its tariffs increasingly unattractive to customers."[13] In sum, "Dominion's piling on of excessive costs … was the motivation for the Costco Petition."[14]

Along these same lines, Costco also noted that there are many other petitions for aggregated retail choice currently pending at various stages of litigation before the Commission.[15] As to this, Costco's witness testified that "the raft of aggregation petitions now pending before the Commission … are due, in my estimation, to the fact that there is no penalty to Dominion for over-earning."[16] Thus, Costco "believes that [these] other petitions are motivated by the same desire to escape Dominion's excessive rates…."[17] Finally, Costco is also seeking to avoid the anticipated *future* rate increases (as also referenced by the Commission in its Walmart Order) from "the huge potential cost impact if Dominion elects to fully implement the Grid Transformation and Security Act."[18]

Public Interest

The Commission respects the economic and business goals reflected in Costco's pleadings and testimony herein.[19] As discussed in the Walmart Order, the Commission also recognizes the ongoing upward trajectory of rates, as chronicled by Costco, since the passage of Code § 56-577(A)(4) over ten years ago:

> As permitted by statute, Appalachian and Dominion have sought and received a series of rate increases over this period attributable to base rates, fuel rates, and new statutorily-created RACs. For example, the Commission reported that since the enactment of Code § 56-577(A)(4) in 2007, residential customers of Appalachian and Dominion had seen *monthly* bill increases of approximately $48 (a 73% increase) and $26 (a 29% increase), respectively.
>
> Further, additional bill increases are expected as utilities incur new costs under the mandates of [Senate Bill 966] regarding, among other things, renewable generation, grid transformation, underground distribution, and energy efficiency spending.[20]

Costco acknowledged this specific finding "in the Walmart Order concerning the amount of rate increases imposed by Dominion on its captive customers in the past, as well as those likely to be imposed in the future."[21] In this regard, Costco stressed that, "[i]ndeed, these are the very circumstances that have compelled Costco to seek permission to aggregate its accounts."[22]

Although Costco argued that the rate impact on other customers of aggregation petitions such as Costco's would be "*imperceptible*,"[23] there is evidence in the instant record showing "how cost responsibility would increase for customers remaining on Dominion's system, if some customers leave the system."[24] For example, the "loss of load can result in changed allocation factors," and "[r]emaining customers would bear a greater share of Dominion's fixed generation costs, including cost recovery for new generation investments that is relatively higher in the early stages of its depreciable life and for any deferred balances accrued while the departing customer was served by Dominion."[25]

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[12] *Id*. at 12 (emphasis added).

[13] Costco's Post-hearing Brief at 31-32 (internal quotation marks and citation omitted).

[14] Ex. 14 (Reed Rebuttal) at 3.

[15] *See, e.g.,* Case Nos. PUR-2017-00173 (Walmart), PUR-2018-00150 (Kroger Limited Partnership I), PUR-2018-00151 (Harris Teeter, LLC), PUR 2018-00158 (Target Corporation), PUR-2018-00164 (New Albertsons L.P.), and PUR-2019-00025 (Cox Communications, Inc.).

[16] Ex. 14 (Reed Rebuttal) at 10.

[17] Costco's Comments on the Report at 5.

[18] Costco's Post-hearing Brief at 31 (internal quotation marks and citation omitted). The "Grid Transformation and Security Act" referenced by Costco is often referred to as "Senate Bill 966" (2018 Acts ch. 296).

[19] Furthermore, the Commission has fully considered the evidence and arguments in the record supporting Costco's request. *See also Board of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 454 n.10 (2016) ("We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence of record.") (citation omitted).

[20] Walmart Order at 10-11 (citations omitted) (emphasis in original).

[21] Costco's Post-hearing Brief at 11 (citation omitted).

[22] *Id*.

[23] Costco's Comments on Report at 5 (emphasis in original).

[24] Report at 7 (citing Ex. 4 (Morgan) at 5).

[25] *Id*. (citing Ex. 4 (Morgan) at 5, 8).

In addition, Staff "generally explained how retail customer shopping shifts costs to non-shopping retail customers."[26] For example, "in the near-term shopping would spread a fixed pool of costs over a smaller number of customers, leading to higher RAC rates for the remaining customers."[27] As to base rates, non-shopping customers could be negatively impacted by "lower customer refunds or lower customer credit reinvestment offsets."[28] Further, if base rates are changed as part of statutorily-required rate reviews, non-shopping customers could be negatively impacted by "higher rates than otherwise necessary."[29]

The Hearing Examiner also found that "there can be no dispute that fixed generation costs remain part of a vertically integrated utility's regulated cost-of-service even if some of the utility's customers shop."[30] Thus, "one likely near-term effect of customers shopping and receiving generation supply from a new supplier is to leave customers of a vertically integrated utility that do not, or cannot, shop with a larger responsibility for paying fixed generation costs than if shopping had not occurred."[31] The Hearing Examiner concluded that, "[p]ut simply, non-shopping customers would pay more for electric service than they otherwise would have paid if other customers had not shopped."[32]

As to the instant Petition, there is evidence in the record that if Costco aggregates its load and purchases its electricity from a CSP instead of Dominion, $1.57 million of additional costs could be shifted to non-shopping customers on an *annual* basis. Specifically, "Dominion's estimates indicate that if Costco shops approximately $1.57 million in annual Virginia jurisdictional non-fuel generation revenue would no longer be recovered from Costco that would instead be shifted to Virginia retail customers that continue to be supplied by Dominion in order for Dominion to maintain the same rate of return."[33]

In exercising the discretionary authority delegated to the Commission by the General Assembly under Code § 56-577(A)(4), we find that approval of the Petition is not "consistent with the public interest."[34] The Commission makes this finding because of the costs that would be shifted to remaining customers – primarily residential and small business customers – who do not (or cannot) switch to a CSP, in the current context of a decade of rising rates and the likelihood of even higher rates in the future.[35] The Commission similarly finds, under the separate and independent standard in Code § 56-577(A)(4)(a) and based on the instant record, that "retail customers of [Dominion] that do not choose to obtain electric energy from alternate suppliers will be adversely affected in a manner contrary to the public interest by granting [Costco's Petition]."[36]

Claims of Legal Error

The Commission has also considered Costco's argument that rejection of its Petition could represent legal error. In this regard, Costco "agrees that, as stated in the Walmart Order, 'the General Assembly has delegated to the Commission the broad discretion to determine the public interest for purposes of aggregated retail choice under Code § 56-577(A)(4),'" but Costco argues that "this discretion cannot be exercised in a manner that nullifies [Code § 56-577(A)(4)]."[37] Specifically, Costco states that "[s]imply denying the Costco Petition based on *any* adverse effect would create a per se rule that nullifies the meaning" of Code § 56-577(A)(4).[38] Costco further asserts that any adverse impacts in this case are not "significant enough to be contrary to the public interest" because they are "speculative" and "*de minimis*."[39]

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[26] *Id*. at 11 (citing Ex. 12 (White) at 12-15).

[27] *Id*. at 12 (citing Ex. 13 (Carr) at 2-3).

[28] *Id*. (citing Ex. 13 (Carr) at 3-5).

[29] *Id*.

[30] *Id*. at 18 (citing Ex. 13 (Carr) at 3).

[31] *Id*. (citing Ex. 4 (Morgan) at 8; Ex. 13 (Carr) at 2-4).

[32] *Id*. Costco did not contest the Hearing Examiner's conclusion that a non-shopping customer could pay a higher bill than it otherwise would pay absent aggregated retail choice. *See, e.g.,* Tr. at 43 (Reed).

[33] Report at 18 (citing Ex. 9 at 3, line 16).

[34] Code § 56-577(A)(4)(b). Although not necessary to reach our public interest conclusions herein, the Commission also agrees with the Hearing Examiner's finding that "[t]o the extent one company [(*e.g.*, Costco)], but not its competitor(s) [(*e.g.*, Walmart or Sam's Club)], can shop for generation supply, this could confer a competitive advantage with *public interest implications*." Report at 25 (emphasis added).

[35] The vast majority of Dominion's customers have no ability to shop for *solely lower* prices, because the Code only provides large customers with demands exceeding five megawatts with such right. Code § 56-577(A)(3). In addition, although Costco argues that Dominion's customers currently can purchase 100% renewable energy from a CSP, this in no manner guarantees that remaining customers will be able to avoid Dominion's statutory rate structure or the costs resulting from Costco's request for aggregated retail choice. Moreover, Costco has not established that it would be consistent with the public interest to force non-shopping customers to seek non-utility electric supply.

[36] In addition, the Commission finds that the potential for load growth does not alter our public interest determinations herein. The reallocation of costs among remaining customers occurs independent of whether load growth exists, and certain utility costs are incurred regardless of load growth. *See, e.g.,* Report at 8, 20.

[37] Costco's Post-hearing Brief at 5.

[38] *Id*. at 6 (emphasis in original).

[39] *Id*. at 7.

In considering these arguments the Commission starts, as we must, with the statute. As the Commission discussed in the Walmart Order, in 2007 the General Assembly and the Governor made the policy decision to terminate the Commonwealth's experiment with retail choice that began in 1999, and to return to the model of a vertically-integrated monopoly provider of both the wires function as well as electricity supply.[40] This legislation, however, permitted the continuation of retail choice in three narrow and specifically identified cases. Two of those are mandatory (*i.e.*, the Commission has no discretion to approve or reject): (i) retail choice for large customers with a demand exceeding five megawatts;[41] and (ii) retail choice for 100% renewable energy if the same is not offered by the customer's utility.[42] The third is subject to the Commission's discretion and is at issue in the instant case: retail choice for nonresidential customers that aggregate their demand to exceed five megawatts.[43]

Contrary to Costco's characterization, the Commission has not denied the instant Petition (nor did we deny Walmart's petitions) based on a sole finding of any adverse effect. First, the Commission has found that the estimate of $1.57 million of additional annual costs resulting from Costco's Petition is reasonably supported by the record. Next, the Commission has separately found (pursuant to Code §§ 56-577(A)(4)(a) and (b), respectively) that under existing circumstances such adverse impact is (a) "contrary to the public interest" for non-shopping customers, and (b) not "consistent with the public interest." As explicitly acknowledged by Costco, these circumstances entail a decade of rising rates and the likelihood of even higher rates in the future. In short, the Commission's findings are supported by the record and are within the discretionary authority delegated to the Commission by the General Assembly.

Costco also questions the extent to which the Commission can properly consider cost-shifting to non-shopping customers in our analysis, because cost-shifting is "a natural result of allowing aggregated load."[44] This argument seems to be premised on the proposition that because the General Assembly must have known that aggregated retail choice would increase costs for others, the Commission does not have the discretion to consider the same in its public interest analysis. Such a limitation, however, is not expressed in the statute and, moreover, is contrary to the plain language and the broad discretionary authority delegated to the Commission in Code § 56-577(A)(4).[45]

As evidenced throughout Title 56 of the Code, the General Assembly knows how to limit the Commission's discretion if it so chooses and, as evidenced in Code § 56-577(A)(3), knows how to mandate retail choice if it so chooses. In Code § 56-577(A)(3) the General Assembly determined that it is consistent with the public interest to permit retail choice for large customers with a demand exceeding five megawatts, and it did not delegate any authority to the Commission to find otherwise. In stark contrast, in Code § 56-577(A)(4) the General Assembly did *not* determine whether it is consistent with the public interest to permit aggregated retail choice but, rather, directed the Commission to make such determination.

In this regard, Code § 56-577(A)(4) explicitly provides that the Commission "may" permit aggregated retail choice, but only if the Commission makes two separate and independent public interest findings. Thus, the General Assembly not only delegated the public interest determination to the Commission, it required the Commission to cross not just one, but two separate public interest thresholds before we "may" permit aggregated retail choice. In Code §§ 56-577(A)(4)(a) and (b), respectively, the General Assembly: (a) recognized that aggregated retail choice may have certain adverse effects and required the Commission to find that such were not "contrary to the public interest"; and, in addition (b) required the Commission to find separately that approval of the Petition is "consistent with the public interest."

In order to make these determinations, the Commission necessarily must consider circumstances that we conclude are relevant to the public interest. That is what we have done here. Those circumstances obviously may change over time; for example, today's circumstances are not the same as those existing in 2007 immediately after the passage of the aggregated retail choice statute. Indeed, by delegating these public interest determinations to the Commission, the General Assembly has allowed for the possibility that the Commission's analysis of the public interest may change as specific circumstances do likewise. For purpose of today's analysis, the Commission concludes that the estimated annual cost increase resulting from the Petition, in conjunction with a decade of rising rates with more expected to follow, is relevant to our public interest analysis. Contrary to Costco's position, the Commission does not believe that this is legal error.

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[40] 2007 Va. Acts chs. 888, 933 ("Regulation Act"). *See, e.g., Old Dominion Comm. for Fair Util. Rates v. State Corp. Comm'n*, 294 Va. 168, 172 (2017) ("In 2007, the General Assembly ended the deregulation program effective December 2008, and … established a new regulatory regime.") (citations omitted).

[41] Code § 56-577(A)(3).

[42] Code § 56-577(A)(5).

[43] Code § 56-577(A)(4).

[44] Costco's Post-hearing Brief at 7.

[45] *See, e.g., Virginia Elec. & Power Co. v. State Corp. Comm'n*, 284 Va. 726, 741 (2012) ("[W]e presume that where the General Assembly has not placed an express limitation in a statutory grant of authority, it intended for the Commission, as an expert body, to exercise sound discretion."). *See also City of Alexandria v. State Corp. Comm'n*, 296 Va. 79, 100 (2018) (The Court refused to limit the Commission's discretionary authority by "interpretive inference" and further stated: "'When a statute delegates such authority to the Commission, we presume that any limitation on the Commission's discretionary authority by the General Assembly will be clearly expressed in the language of the statute.'") (quoting and citing *Virginia Elec. & Power*, 284 Va. at 741).

Costco, however, contends that denying its Petition conflicts with statutory intent, because – according to Costco – the General Assembly has given commercial customers like Costco an "escape valve" via Code § 56-577(A)(4) if Dominion's rates get too high.[46] In further support of this plea, Costco also proclaims that "having some customers save at the expense of other customers is nothing unusual."[47] The Commission's consideration of this argument is consistent with that discussed above. That is, while the General Assembly may have mandated an "escape valve" in Code § 56-577(A)(3) for large customers with a demand exceeding five megawatts, it did not do the same for commercial customers like Costco in Code § 56-577(A)(4). Rather, the General Assembly delegated that decision to the Commission. In exercising our delegated discretionary authority in this particular instance, the Commission has found that it is not consistent with the public interest for Costco to save money "at the expense of other customers."[48]

The Commission's application of the statute herein is consistent with the Walmart Order, and we similarly close the instant order as we did therein. Specifically, if Costco believes that the current statutory structure for setting vertically-integrated electric utility rates results in unreasonable or unnecessarily high rates, its potential for recourse may be found through the legislative process. In the instant case, given the context of a decade of rising rates and the likelihood of even higher rates in the future, the Commission does not find it consistent with the public interest for non-shopping or rate-captive customers – predominantly residential and small business – to experience the cost-shifting identified herein by enabling a larger commercial customer to seek its power supply elsewhere through aggregation. This Commission will not allow small customers who cannot escape this structure, predominantly small businesses and residential customers, to be further burdened by the identified cost-shifting that will occur if larger customers like Costco choose to seek better deals for themselves outside of Dominion's system.

Accordingly, IT IS SO ORDERED, and this matter is dismissed.

Commissioner Patricia L. West did not participate in this matter.

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[46] Ex. 14 (Reed Rebuttal) at 13-14.

[47] Costco's Comments on the Report at 5.

[48] *Id*.

CASE NO. PUR-2018-00090
FEBRUARY 27, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities: Lanexa-Northern Neck Line #224 230 kV Transmission Line Partial Rebuild Projects

FINAL ORDER

On June 18, 2018, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application for approval and for a certificate of public convenience and necessity to construct and operate electric transmission facilities in King and Queen, King William, and New Kent Counties, Virginia ("Application"). Dominion filed the Application pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq*.

Initially, Dominion proposed to rebuild, entirely within an existing right-of-way or on Company-owned property, four separate segments of its existing Lanexa-Northern Neck Line #224 230 kilovolt ("kV") line.[1] The Company proposes to (i) remove and replace nine structures and foundations spanning the Pamunkey River and crossing adjacent tidal marshlands (the "Pamunkey River Rebuild")[2], (ii) remove and replace seven structures and foundations spanning the Mattaponi River and crossing adjacent tidal marshlands (the "Mattaponi River Rebuild"), (iii) remove and replace two double circuit COR-TEN® lattice structures and two adjacent wood H-frame structures, which are currently carrying a single transmission circuit, and foundations on the existing 230 kV Line #224 crossing I-64 in New Kent County west of the intersection of I-64 and Route 3 (the "I-64 Rebuild"), and (iv) remove and replace one double circuit COR-TEN® lattice structure, which is currently carrying one transmission circuit for Line #224 and another for Line #2016, and foundation, with two double deadend 2-pole structures and foundations (the "Diascund Rebuild") (collectively "Rebuild Projects").[3]

Dominion states that the Rebuild Projects are necessary to maintain the structural integrity and reliability of its transmission system in compliance with mandatory North American Electric Reliability Corporation Reliability Standards.[4] Further, the Company states that the Rebuild Projects will replace aging infrastructure that is at the end of its service life.[5]

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[1] Ex. 2 (Application) at 2.

[2] The Pamunkey River Rebuild plan includes an idle conductor and associated hardware that are not present on the Line as it currently exists ("Idle Conductor Facilities").

[3] Ex. 2 (Application) at 2-3.

[4] *Id.* at 2.

[5] *Id.* at 3.

The Company states that the needed in-service date for the Rebuild Projects is May 2021.[6] The estimated cost of the Rebuild Projects is approximately $30.7 million, which includes an estimated $1.0 million cost for substation- and distribution-related work.[7] The estimated cost for each segment of the Rebuild Projects is approximately (i) $13.9 million for the Pamunkey River Rebuild, all of which is for transmission-related work; (ii) $12.5 million for the Mattaponi River Rebuild, which includes approximately $11.5 million for transmission-related work and approximately $1.0 million for substation- and distribution-related work; (iii) $2.3 million for the I-64 Rebuild, all of which is for transmission-related work; and (iv) $2.0 million for the Diascund Rebuild, all of which is for transmission-related work.[8]

The Commission issued an Order for Notice and Hearing in this proceeding that, among other things: docketed the case; established a procedural schedule; provided the opportunity for any interested person to comment or participate in this proceeding as a respondent; directed the Commission's Staff ("Staff") to investigate the Application and file testimony and exhibits; provided the opportunity for the Company to file rebuttal testimony and exhibits; scheduled hearings for the receipt of public comment and evidence on the Application; and assigned a Hearing Examiner to conduct all further proceedings in this case.

Old Dominion Electric Cooperative ("ODEC") filed a notice of participation.[9]

As noted in the Order for Notice and Hearing, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Rebuild Projects by the appropriate agencies and to provide a report on the review. On September 5, 2018, DEQ filed its report on the Rebuild Projects ("DEQ Report") with the Commission.[10] The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law.

Specifically, the DEQ Report contains the following summary of recommendations. The Company should:

- Conduct an on-site delineation of wetlands and streams within the Rebuild Projects area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams, including the use of dielectric fluid that does not contain polychlorinated biphenyls;

- Follow the Marine Resource Commission's recommendation to avoid submerged aquatic vegetation and to conduct necessary instream work in such a manner to minimize waterway obstruction, as applicable;

- Follow DEQ recommendations regarding erosion and sediment control and stormwater management, as applicable;

- Follow DEQ's recommendation regarding air quality protection, as applicable;

- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, as applicable;

- Coordinate with the Department of Conservation and Recreation ("DCR") Division of Natural Heritage ("DNH") for updates to the Biotics Data System database if six months pass before the Rebuild Projects are implemented or the scope of work changes. Additionally, coordinate with DCR DNH regarding its recommendations to revegetate with native species and minimize adverse impacts to the aquatic environment;

- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations to protect terrestrial and aquatic wildlife;

- Coordinate with the City of Newport News and New Kent, King and Queen, and King William Counties prior to the commencement of construction to ensure all transportation and traffic management standards and policies are satisfied;

- Coordinate with the Department of Health regarding its recommendations to protect public drinking water sources;

- Coordinate with the Virginia Outdoors Foundation if the Rebuild Projects change or if the Rebuild Projects do not start for 24 months;

- Follow the principles and practices of pollution prevention to the extent practicable;

- Coordinate with DCR, Division of Planning and Recreational Resources regarding minimizing the visual impacts of the Rebuild Projects by using perpendicular river crossings;

- Limit the use of pesticides and herbicides to the extent practicable; and

- Coordinate with Newport News Waterworks regarding the construction schedule and site inspections for the Diascund Rebuild project area in New Kent County prior to the commencement of construction.[11]

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[6] *Id.* at 5, Application Appendix at 17. The Company originally requested the Commission to enter a final order by January 15, 2019, in order to procure the necessary materials prior to the start of construction in April 2019. Application Appendix at 17. During the course of the proceeding, the Company indicated it still expected to meet the projected in-service date of May 2021 if a final order is entered by April 1, 2019. Ex. 8 (Upton Direct) at 26.

[7] *Id.* at 6.

[8] Application Appendix at 18.

[9] ODEC did not submit pre-filed testimony in this case.

[10] Ex. 9 (DEQ Report).

[11] *Id.* at 6-7.

On November 28, 2018, the Company filed a letter representing that it was withdrawing request for the approval of two of the Rebuild Projects, the I-64 Rebuild and the Diascund Rebuild. The remaining two components of the Rebuild Projects, the Pamunkey River Rebuild and the Mattaponi River Rebuild, are the remaining sections of the Rebuild Projects now before the Commission.

On December 7, 2018, the Staff filed testimony, report, and exhibits summarizing the results of its investigation. On December 21, 2018, Dominion filed the rebuttal testimony of its witnesses.

No written comments were filed.[12]

A hearing was held on January 15, 2019. The Company and Staff participated in the hearing.[13] The Hearing Examiner's Report was issued on January 25, 2019. Therein, the Hearing Examiner, among other things, summarized the record in this case and made certain findings and recommendations. In particular, the Hearing Examiner found:

- With the exception of the installation of the Idle Conductor Facilities, the Rebuild Projects are justified by the public convenience and necessity;
- The Rebuild Projects will promote economic development in the Commonwealth by maintaining the reliability of the transmission line, and in turn, continuing to ensure the delivery of sufficient supplies of electrical power;
- The structures should be chemically dulled to mitigate the visual impacts of the Rebuild Projects;
- There are no adverse environmental impacts that would preclude the construction and operation of the Rebuild Projects;
- There are no adverse public health or safety issues associated with the Rebuild Projects;
- The Commission should condition approval of Dominion's Application on the Company's compliance with the unopposed recommendations contained in the DEQ Report;
- The Commission should require consultation with DCR for updates to the Biotics Data System only if (1) the scope of the Rebuild Projects involves material changes or (2) 12 months pass from the date of the Commission's Final Order before the construction of the Rebuild Projects commence;
- The Commission should not require the Company to comply with the time-of-year restriction proposed by DGIF but, instead, should require the Company to coordinate with DGIF to develop project-specific measures to minimize impacts upon wildlife resources; and
- Certificates of public convenience and necessity should be issued for the completion of the Rebuild Projects.[14]

On February 1, 2019, Dominion and the Staff filed comments on the Hearing Examiner's Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code of Virginia

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Code § 56-265.2 A 1 provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Code § 56-46.1 further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

> Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact . . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted . . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.[15]

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[12] Hearing Examiner's Report at 2; Ex. 8 (Upton Direct) at 4.

[13] ODEC did not participate in the hearing.

[14] Hearing Examiner's Report at 9-11.

[15] Code § 56-46.1 D also specifies that: "'Environment' or 'environmental' shall be deemed to include in meaning 'historic,' as well as a consideration of the probable effects of the line on the health and safety of the persons in the area concerned."

Code § 56-46.1 B further provides, in part, that:

> As a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned . . . . In making the determinations about need, corridor or route, and method of installation, the Commission shall verify the applicant's load flow modeling, contingency analyses, and reliability needs presented to justify the new line and its proposed method of installation . . . . Additionally, the Commission shall consider, upon the request of the governing body of any county or municipality in which the line is proposed to be constructed, (a) the costs and economic benefits likely to result from requiring the underground placement of the line and (b) any potential impediments to timely construction of the line.

The Code also requires that the Commission consider existing right-of-way easements when siting transmission lines. Code § 56-46.1 C 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, Code § 56-259 C 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."

Certificate of Public Convenience and Necessity

The Commission has considered the entire record.[16] We find that the public convenience and necessity requires the Company to rebuild two separate segments of its existing Lanexa-Northern Neck Line #224 230 kV line, located in New Kent, King William, and King and Queen Counties, with the use of chemically dulled, galvanized steel lattice towers as recommended by the Hearing Examiner. We agree with the Hearing Examiner that the proposed Rebuild Projects are necessary so that the Company can replace deteriorating infrastructure.[17] Additionally, the Rebuild Projects are necessary for the Company to comply with mandatory North American Electric Reliability Corporation Reliability Standards.[18] Accordingly, the Commission finds that the certificates of public convenience and necessity shall be issued authorizing the Rebuild Projects as set forth herein.

The Commission does not find, however, that the public convenience and necessity requires approval of the Idle Conductor Facilities. First, we note that while the Company indicates that the purpose of the Idle Conductor Facilities is to provide a future additional 230 kV source to the Northern Neck Substation to resolve an anticipated future NERC N-1-1 reliability violation for load loss, it is unable to project when load growth in the area will reach the point necessitating a new 239 kV circuit.[19] Secondly, the Company did not establish that a second 230 kV circuit between the Northern Neck and Lanexa Substations, using the Idle Conductor Facilities, would be the best solution to resolve a potential NERC N-1-1 violation.[20] Even if the Idle Conductor Facilities were to become necessary in the future, the service life would likely be shortened, thus lessening any potential benefit of installing them early.[21] Finally, we note that the Company took no formal position regarding Staff's concern with the Idle Conductor Facilities in its rebuttal testimony.[22]

In addition, the Commission has applied the statutory requirements above and further finds, as also recommended by the Hearing Examiner, that the Rebuild Projects shall use chemically dulled, galvanized steel lattice towers.[23] On this issue, the Hearing Examiner noted that, "[a]ccording to Staff, there is little evidence suggesting premature degradation or an increase in maintenance costs due to chemical dulling."[24] Based on consideration of the entire record herein, the Commission finds that the use of chemical dulling in this instance is desirable and necessary to minimize adverse environmental impact.

Next, the Commission finds that Dominion has adequately considered existing rights-of-way. The Rebuild Projects, as proposed, would be constructed entirely on Company-owned property and existing rights-of-way maintained by the Company.[25]

The Commission also finds that the Rebuild Projects will promote economic development in the Commonwealth of Virginia by maintaining the reliability of the Company's transmission line and ensuring delivery of sufficient supplies of electrical power in the region.[26]

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[16] *See also Board of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 454 n.10 (2016) ("We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence of record.") (citation omitted).

[17] Hearing Examiner's Report at 9.

[18] *See, e.g.,* Ex. 1 (Application) at 2; Ex. 8 (Upton Direct) at 7-9.

[19] Ex. 10 (Rana Rebuttal) at 4.

[20] Ex. 8 (Upton Direct) at 24.

[21] Hearing Examine Report at 9; Ex. 8 (Upton Direct) at 24.

[22] *Id.* at 3.

[23] *See, e.g.,* Hearing Examiner's Report at 9-10.

[24] Hearing Examiner's Report at 9-10 (citing Ex. 8 (Upton Direct) at 15).

[25] Ex. 1 (Application) at 2.

[26] Hearing Examiner's Report at 9; Ex. 8 (Upton Direct) at 28.

Finally, the Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the Rebuild Projects. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts.[27] We find that as a condition of our approval herein, Dominion shall comply with all recommendations provided in the DEQ Report with the following exception. Specifically, the Commission adopts the Hearing Examiner's recommendation that the Company shall consult with DCR for updates to the Biotics Data System only if: (1) there are material changes to the Rebuild Projects, or (2) 12 months from the date of this Final Order pass before the Rebuild Projects commence construction.[28]

Accordingly, IT IS ORDERED THAT:

(1) Dominion is authorized to construct and operate the Rebuild Projects, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for certificates of public convenience and necessity to construct and operate the Rebuild Projects are granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificates of public convenience and necessity to the Company:

> Certificate No. ET-71l, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Charles City and New Kent, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUR-2018-00090, cancels Certificate No. ET-71k, issued to Virginia Electric and Power Company on June 6, 2017, in Case No. PUE-2016-00135;
>
> Certificate No. ET-89f, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in King William, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUR-2018-00090, cancels Certificate No. ET-89e, issued to Virginia Electric and Power Company on September 9, 1991, in Case No. PUE-1991-00040; and
>
> Certificate No. ET-153a, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in King and Queen, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUR-2018-00090, cancels Certificate No. ET-153, issued to Virginia Electric and Power Company on September 9, 1991, in Case No. PUE-1991-00040;

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation three copies of the appropriate maps that show the routing of the transmission line approved herein, in addition to the facilities shown on the maps for the cancelled Certificates.

(5) Upon receiving the maps directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the certificates of public convenience and necessity issued in Ordering Paragraph (3) with the maps attached.

(6) The Rebuild Projects approved herein must be constructed and in service by May 2021; however, the Company is granted leave to apply for an extension for good cause shown.

(7) This matter hereby is dismissed.

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[27] The DEQ recommendations are set forth above and discussed in Ex. 9 (DEQ Report).

[28] Hearing Examiner's Report at 10-11.

CASE NO. PUR-2018-00100
JANUARY 17, 2019

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia

FINAL ORDER

On July 24, 2018, Virginia Electric and Power Company ("Dominion" or "Company") filed a petition ("Petition") with the State Corporation Commission ("Commission") requesting approval of a plan for electric distribution grid transformation projects ("Plan") pursuant to Code § 56-585.1 A 6 ("Section A 6"). Specifically, Dominion seeks approval of the first three years ("Phase I") of a ten-year Plan. Pursuant to Section A 6, the Commission is required to issue its final order on the Petition within six months of the filing date.

The Company states that Phase I includes: (i) advanced metering infrastructure ("AMI"); (ii) customer information platform ("CIP"); (iii) reliability and resilience measures that include intelligent grid devices, operations and automated control systems, and grid hardening; (iv) telecommunications infrastructure; (v) cyber and physical security; (vi) predictive analytics; and (vii) emerging technology.[1]

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[1] Ex. 2 (Petition) at 4.

On July 26, 2018, the Commission issued an Order for Notice and Hearing in this proceeding that, among other things, established a procedural schedule; set an evidentiary hearing date; directed Dominion to provide public notice of its Petition; and provided any interested person an opportunity to file comments on the Company's Petition, or to participate in the case as a respondent by filing a notice of participation. Notices of participation were filed by Appalachian Power Company ("APCo"); Appalachian Voices ("Environmental Respondents"); the Sierra Club ("Sierra Club"); the Board of Supervisors of Culpeper County, Virginia ("Culpeper County"); the Virginia Poverty Law Center ("VPLC");[2] and the Virginia Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel").

The Commission's Order for Notice and Hearing also provided for the pre-filing of testimony and exhibits by Dominion, respondents and the Commission's Staff ("Staff"). The Company, Environmental Respondents, Consumer Counsel and Staff pre-filed testimony in this proceeding. On August 20, 2018, the Commission issued an Order Scheduling Oral Argument, which established a date for the filing of briefs on legal issues raised by the Company's Petition and scheduled oral argument thereon. On September 13, 2018, the Commission issued an Order specifying issues that should be addressed in the legal briefs. Legal briefs were filed by Dominion, APCo, Environmental Respondents, Sierra Club, Consumer Counsel and Staff.

On November 7, 2018, the Commission received oral argument from participants as scheduled. The evidentiary public hearing in this case was held on November 14 and 27-28, 2018, in which the Commission received evidence and argument from Dominion, Environmental Respondents, Sierra Club, Consumer Counsel, and Staff. The Commission also received testimony and written and electronic comments from public witnesses in this proceeding.

NOW THE COMMISSION, having considered the record, the pleadings, and the applicable law, is of the opinion and finds as follows.

Code of Virginia

As amended by the Grid Transformation and Security Act ("GTSA"),[3] Code § 56-576 defines an "electric distribution grid transformation project" to:

> mean[] a project associated with electric distribution infrastructure, including related data analytics equipment, that is designed to accommodate or facilitate the integration of utility-owned or customer-owned renewable electric generation resources with the utility's electric distribution grid or to otherwise enhance electric distribution grid reliability, electric distribution grid security, customer service, or energy efficiency and conservation, including advanced metering infrastructure; intelligent grid devices for real time system and asset information; automated control systems for electric distribution circuits and substations; communications networks for service meters; intelligent grid devices and other distribution equipment; distribution system hardening projects for circuits, other than the conversion of overhead tap lines to underground service, and substations designed to reduce service outages or service restoration times; physical security measures at key distribution substations; cyber security measures; energy storage systems and microgrids that support circuit-level grid stability, power quality, reliability, or resiliency or provide temporary backup energy supply; electrical facilities and infrastructure necessary to support electric vehicle charging systems; LED street light conversions; and new customer information platforms designed to provide improved customer access, greater service options, and expanded access to energy usage information.

As amended by the GTSA, Section A 6 directs that:

> A utility shall, without regard for whether it has petitioned for any rate adjustment clause pursuant to clause (vi), petition the Commission, not more than once annually, for approval of a plan for electric distribution grid transformation projects. Any plan for electric distribution grid transformation projects shall include both measures to facilitate integration of distributed energy resources and measures to enhance physical electric distribution grid reliability and security. In ruling upon such a petition, the Commission shall consider whether the utility's plan for such projects, and the projected costs associated therewith, are reasonable and prudent. Such petition shall be considered on a stand-alone basis without regard to the other costs, revenues, investments, or earnings of the utility; without regard to whether the costs associated with such projects will be recovered through a rate adjustment clause under this subdivision or through the utility's rates for generation and distribution services; and without regard to whether such costs will be the subject of a customer credit offset, as applicable, pursuant to subdivision 8 d. The Commission's final order regarding any such petition for approval of an electric distribution grid transformation plan shall be entered by the Commission not more than six months after the date of filing such petition.

Section A 6 further declares that "[e]lectric distribution grid transformation projects are in the public interest."

With regard to two legal matters of first impression, all parties filing legal memoranda and Staff agree that the Commission may approve or disapprove the Plan in whole or in part.[4] All parties and Staff also agree that the statutory requirement that the costs of a grid transformation plan must be reasonable and prudent is neither nullified by, nor subordinated to, the statutory declaration elsewhere that grid transformation projects in general are in the public interest.[5] We agree with these conclusions.

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[2] VPLC withdrew its notice of participation on November 9, 2018.

[3] 2018 Va. Acts of Assembly, ch. 296 (a/k/a "Senate Bill 966").

[4] *See, e.g.,* Dominion Legal Memorandum at 10; APCo Legal Memorandum at 4; Environmental Respondents Legal Memorandum at 8-9; Sierra Club Legal Memorandum at 7; Consumer Counsel Legal Memorandum at 10-11; Staff Legal Memorandum at 12-13; Tr. 38.

[5] *See, e.g.,* Dominion Legal Memorandum at 11; APCo Legal Memorandum at 4-5; Environmental Respondents Legal Memorandum at 9-10; Sierra Club Legal Memorandum at 8; Consumer Counsel Legal Memorandum at 11-16; Staff Legal Memorandum at 13-14; Tr. 39, 147.

Dominion's proposed Plan is expensive, so it is important that Dominion's customers receive adequate benefit for the costs they will bear in their monthly bills. If the total Plan were approved, the cost to customers – the lifetime revenue requirement of these investments – will be approximately $6.0 billion, including financing costs, to be recovered from customers over the lives of the various components that range from five to 55 years.[6]

The Plan is large and multi-faceted and many elements are not necessarily related to others, so below we consider the Plan's elements in four major categories of related elements. These categories and the costs of each are as follows: (i) Cyber and Physical Security and Telecommunications (total costs: $910.3 million; Phase I costs: $154.5 million); (ii) Advanced Metering Infrastructure and related elements (total costs: $1.3 billion; Phase I costs: $696.8 million); (iii) Intelligent Grid Devices, Operations and Automated Control Systems, and Emerging Technology (total costs: $776.0 million; Phase I costs: $157.5 million); and (iv) Grid Hardening (total costs: $3.0 billion; Phase I costs: $486.1 million).[7]

After consideration of the entire record,[8] we find that Dominion has proven that the costs of the elements in the Cyber and Physical Security category are reasonable and prudent and are approved, as well as some of the Telecommunications elements. We find that Dominion has not proven that the costs for the Plan elements in categories (ii), (iii), and (iv) are reasonable and prudent. These parts of the Plan are not approved. This disapproval is without prejudice and Dominion may re-file for approval of certain elements in a future proposed plan that complies with the requirements set forth below.

In making these determinations, the Commission has followed all applicable statutory provisions. With regard to those elements that have not been approved, we agree with Consumer Counsel that as a general matter "the plan as filed is significantly lacking in detail with respect to the proposed investments."[9] Also with regard to the Plan in general, we agree with Environmental Respondents Witness Golin who stated, "As a complete package, the [grid transformation] Plan is not cost-effective and will result in an economic loss for all customers."[10] While we find the Plan elements related to Cyber and Physical Security are well-conceived, well-supported and cost-effective, we find that the remaining Plan elements, which will cost customers hundreds of millions of dollars, are not. We explain further below, based on the evidence in this record and taking each category *seriatim.*

Cyber and Physical Security and Telecommunications

The Company proposes Cyber and Physical Security spending of $35.2 million for Phase I ($106.9 million over ten years) (including financing costs). As part of this component of the Plan, among other things, the Company proposes to improve the security at certain distribution substations through upgraded physical barriers, more restricted access control, backup power, and additional sensor systems to provide improved monitoring and alarm capabilities.[11] The Company also proposes Telecommunications-related spending of $119.2 million ($803.4 million over ten years) (including financing costs). The record reflects that the Phase I Security component will be facilitated by proposed investments categorized by the Company to be part of its proposed Phase I Telecommunications component.[12]

No party took issue with the Company's proposed Phase I Security component[13] and the Commission generally supports reasonable utility spending to support enhanced utility security. Under the circumstances of this case and based on the evidence in the record, the Commission finds reasonable and prudent the costs of the Company's proposed Phase I Cyber and Physical Security and Telecommunications proposals, with the exception of the proposed spending that is related exclusively to components of the Plan that are not approved herein, such as the AMI-related components. Such spending is not reasonable and prudent and is not approved.[14]

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[6] *See, e.g.,* Ex. 18 (Myers Direct) at 5-22. The total costs of Phase I as proposed herein will be approximately $1.5 billion, including financing costs, to be recovered from customers over the lives of the various components that range from five to 55 years.

[7] *Id.* at 5, 14 (including financing costs).

[8] *See Board of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 454 n.10 (2016) ("We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence of record.") (citation omitted).

[9] Tr. 148.

[10] Ex. 16 (Golin Direct) at 4. Witness Golin also testified, "The analysis used by the Company to justify the [grid transformation] Plan is deeply flawed and indefensible." *Id.*

[11] Ex. 17 (Essah Direct) at 39.

[12] *See, e.g.,* Ex. 12 (Walker Direct) at 2, 8; Tr. 165 (Company witness Baine testified that "these [Telecommunications] investments are to enhance physical and cyber security supporting our business as well"); Tr. 571 (Company witness Engels testified that "the telecommunications infrastructure is critical to . . . providing that information to our cyber security operations center, as well as our physical security operations center . . . .").

[13] Ex. 14 (Norwood Direct) at 16-17; Ex. 16 (Golin Direct) at 3; Tr. 263-264; Tr. 337; Tr. 430.

[14] Company witness Engels testified that some AMI-related costs are included in the proposed Phase I Security component of the Plan, but was unable to separately identify the amount of such AMI-related spending. Tr. 574. The Commission directs the Company to separately track approved spending and to maintain documentation to facilitate Staff audit to ensure such spending is not related to unapproved components of the Plan.

Advanced Metering Infrastructure and Related Plan Elements

Dominion proposes to spend $523.8 million in Phase I ($824.4 million over ten years) (including financing costs) to deploy AMI ("smart meters") throughout its service territory. Connected to its AMI proposal, Dominion also proposes to spend $157.0 million ($402.9 million over ten years) (including financing costs) on deployment of a Customer Information Platform, or CIP, and an additional $16.0 million ($36.0 million over ten years) (including financing costs) on Predictive Analytics.[15] Further, as noted above, an unspecified portion of the costs of other elements of this Petition are also connected to deployment of AMI. Consequently, AMI and related elements represent one of the costliest components of Dominion's Petition.

While supportive of the goals of AMI technology, the Sierra Club, Environmental Respondents and Consumer Counsel all oppose Dominion's AMI proposal as not adequately developed and therefore neither reasonable nor prudent as to costs and benefits.[16] For example, Environmental Respondents Witness Golin testified, "[AMI and related technologies] are beneficial and cost-effective *only to the extent* the Company utilizes them *to maximize* the potential gains of rate optionality, energy efficiency, demand response, and DERs [distributed energy resources ("DERs")]."[17] Witness Golin concludes, however, that "[t]he Company *does not have plans* to fully optimize the Smart Metering proposed …" and "[w]ithout a well-reasoned plan, this expensive equipment could be under-utilized and provide little to no benefit to customers and the utility."[18] We agree.

Equally important, the proposal is lacking in detailed cost information with respect to many AMI-related components of the Plan. For example, the record reflects that the proffered cost estimates in connection with the CIP are high level planning estimates based on a preliminary draft timeline.[19] In addition, the record reflects that the Company has not yet selected specific vendors for the CIP and that the Company plans to, but has not yet, issued "numerous" requests for proposal regarding the CIP.[20] The Company also acknowledged that the actual costs of the CIP could be either higher or lower than the projections contained in the filing.[21]

A finding of prudence under the GTSA for a specifically-identified cost in large measure commits ratepayers to footing the bill.[22] In fact, as emphasized by Consumer Counsel, the GTSA specifically states that the Commission "shall" permit recovery "with respect to all costs deemed reasonable and prudent by the Commission" in a triennial review proceeding.[23] This necessitates more than a cursory review of the Plan in a proceeding such as this. Rather, detailed, accurate, and reasonable cost information attendant to these projects is needed to evaluate whether they are reasonable and prudent before we commit customers to pay for the Company's proposals.

Smart meters are costly, but money spent on smart meters – if spent wisely and effectively – is money spent to enable customers to save money by reducing energy usage at peak times (demand response) and reducing overall usage (energy efficiency and conservation). Cost-effective spending on smart meters can also support other goals of a sound grid transformation plan, including greater deployment and integration of DERs such as rooftop solar, and system-wide reductions of carbon emissions.

As Environmental Respondents, Sierra Club and Consumer Counsel point out, Dominion has failed to include in its Petition a well-developed and comprehensive plan to maximize the potential of AMI.[24] Dominion promises to do so in the future,[25] but it asks us to approve hundreds of millions of dollars in spending on smart meters *now,* money Dominion will ultimately seek to recover from its customers in one form or another.[26] This we will not do. Rather, we find that, since the record proves that Dominion's Petition lacks a sound plan to maximize the potential of AMI, the cost of its Plan is therefore not reasonable and prudent with regard to the AMI-related elements of its Petition.

This finding is without prejudice, and Dominion may re-file a more fully developed AMI proposal in a future grid transformation filing. If Dominion chooses to proceed with a proposal for full deployment of AMI, its next proposal should be supported by a detailed and comprehensive plan for evaluation that addresses, at a minimum, the following elements:

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[15] Ex. 18 (Myers Direct) at 5. Based on the record developed herein, we find it reasonable to consider these three components together. For example, Environmental Respondents witness Golin testified that the CIP is necessary for customers to be educated about AMI, to have access to data to enable the benefits of AMI, and to engage with the tariff designs enabled by AMI. Tr. 313. Company witness Wright also testified that predictive analytics would be monitoring AMI meters for anomalies. Tr. 495.

[16] *See, e.g.,* Ex. 14 (Norwood Direct) at 20, 25; Tr. 139, 143-44, 146.

[17] Ex. 16 (Golin Direct) at 25-26 (emphases added).

[18] *Id.* at 28.

[19] Ex. 18 (Myers Direct) at 12.

[20] Tr. 208, 473.

[21] Tr. 207.

[22] As testified to during the hearing, if a specifically-identified cost is deemed prudent prior to expenditure, it is difficult to deny its recovery in a later rate proceeding. Tr. 421-422.

[23] Tr. 610-611.

[24] *See, e.g.,* Tr. 146, 148, 281-85, 604.

[25] *See, e.g.,* Ex. 33 (Baine Rebuttal) at 10-12; Tr. 25, 28, 176.

[26] Tr. 167, 634.

a. Detailed cost estimates for all AMI-related spending.

b. Any plan for time-varying rates; and whether any such offering would be the default tariff for a customer with an installed smart meter.

c. Any customer "opt-out" provision,[27] both as to smart meter installation and time-varying rates,[28] under all tariff scenarios for those consumers who so choose and to protect particularly vulnerable customers, such as those with medical conditions that reduce their ability to manage energy usage; and any fees proposed by the Company to be charged to customers who choose to opt-out both as to time-varying rates and smart meter installation.

d. Analysis of how any plan promotes demand response, energy efficiency, and conservation.

e. A transition plan including adequate customer education.

Such an amended plan will, of course, be evaluated on its own merits as to its various features and as to the reasonableness and prudence of its costs when the full record is developed in a future proceeding, one in which all interested parties and persons will have the opportunity to participate as either respondents or to offer testimony as public witnesses or offer public comment.

Intelligent Grid Devices, Operations and Automated Control Systems and Emerging Technology

Dominion proposes to spend $104.6 million in Phase I ($627.5 million over ten years) (including financing costs) on Intelligent Grid Devices.[29] The Company also proposes to spend $42.7 million in Phase I ($108.4 million over ten years) (including financing costs) on Operations and Automated Control Systems and $10.3 million ($40.2 million over ten years) (including financing costs) on Emerging Technology.[30] The Company asserts that "these intelligent grid devices will be deployed with the associated telecommunication network and operation and automated control systems to achieve improved reliability and resiliency while supporting DER integration by actively managing power flow on the grid and informing long-term load planning activities."[31] The Sierra Club, Environmental Respondents and Consumer Counsel do not support the Phase I Intelligent Grid Devices and Operations and Automated Control Systems proposals.[32] Environmental Respondent's witness Golin, for example, states that these investments appear to be premature based on the current level of DER penetration in the Company's service territory and the proposed functionality set out in the Plan.[33] In this regard, the record reflects that (i) DER penetration levels (customer-sited and utility-scale solar) are less than 1% of peak load and fewer than 1% of all customers have DERs,[34] and (ii) the Company has not experienced any documented instances of the intermittent output of DER causing voltage stability or reliability problems for the Company's system.[35] Environmental Respondents' witness Golin testified that "by investing in infrastructure before it is necessary, the Company . . . runs the risk of obsolescence."[36] The record further reflects that these investments will not decrease the costs of interconnecting DERs, nor will they allow utilization of additional DER functionality.[37]

The record is also substantially lacking in cost estimates related to these investments.[38] Based on the record developed in this proceeding, the Commission finds that Phase I Intelligent Grid Devices, Operations and Automated Controls Systems, and Emerging Technology proposals are not reasonable and prudent.

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[27] Evidence from other states demonstrates that purely "opt-in" tariffs result in extremely low participation rates. Tr. 205-06.

[28] Smart meters are necessary to implement time-varying rates; accordingly, opting out of smart meter installation will also result in opting out of time-varying rates.

[29] Ex. 18 (Myers Direct) at 14.

[30] *Id.* at 5, 14. We find it reasonable to consider these three components together. For example, according to Company witness Wright, the Operations and Automated Control Systems will control and manage the intelligent grid devices. Ex. 8 (Wright Direct) at 13. In addition, the majority of the costs associated with Emerging Technology relate to deployment of specific intelligent grid devices on Company-owned streetlights. Ex. 4 (Crable Direct) at 37.

[31] Ex. 8 (Wright Direct) at 8.

[32] *See, e.g.,* Ex. 14 (Norwood Direct) at 26; Ex. 16 (Golin Direct) at 40; Tr. 143-44.

[33] Ex. 16 (Golin Direct) at 24, 40-41.

[34] *Id.* at 40.

[35] *Id.* at CG-50.

[36] *Id.* at 41. Dr. Golin also questioned whether the anticipated reliability improvements from these investments have been shown to be cost-effective. *Id.* at 36.

[37] *Id.* at 42.

[38] Ex. 18 (Myers Direct) at 14-16.

Grid Hardening

Dominion proposes to spend $486.1 million in Phase I ($3.0 billion over ten years) (including financing costs) on Grid Hardening, making it the largest single component of the Company's ten-year Plan. As part of Grid Hardening, the Company proposes, among other things, to replace and rebuild targeted main feeder segments and to implement new vegetation management programs.[39] The Sierra Club, Environmental Respondents and Consumer Counsel all oppose the Grid Hardening element of the Plan.[40] These respondents question, among other things, the need for grid hardening on this scale and the basis for the proffered cost estimates, which are very high.[41] For example, Consumer Counsel witness Norwood testified that "[t]he level of these existing grid hardening investments, along with the Company's existing high distribution service reliability and few customer complaints, calls into question the need for Dominion's proposal to invest another $2 billion over the next 10 years for the grid hardening and resiliency portion of the [grid transformation] Plan."[42] Environmental Respondent's witness Golin also testified the Company has failed to "present[] an itemized list of how it will spend customer money on grid hardening activities, nor has it provided a specific purpose for each investment . . . ."[43] The record reflects in this regard that, while the Company identifies five subcomponents of the Grid Hardening proposal, it has not yet identified what portion of the requested spending will relate to each subcomponent.[44] Nor has it identified the number of miles of main feeders that it proposes to underground, an investment that the Company asserts costs, on average, $2.5 million per mile.[45]

Moreover, the Company has failed to show a level of benefits commensurate with the projected costs. For example, by the Company's own estimation, Phase I is projected to eliminate approximately 5 minutes of service interruption per customer annually at a cost of $267.7 million (not including financing costs).[46] The Commission is also cognizant that while the costs of Grid Hardening will ultimately be borne by all customers, it will benefit only a small fraction of the Company's customers. The record reflects that only approximately 4.3% of the Company's customers will be served by the distribution feeders targeted for Grid Hardening during Phase I and that these feeders represents just 1.0% of the Company's overhead lines.[47]

Based on the record developed herein, the Commission cannot find that the Company's Phase I Grid Hardening proposal is reasonable and prudent.

Conclusion

In summary, we agree that smart meters and other grid enhancements hold the promise for a true transformation of the grid and for the more efficient consumption of electricity, but spending billions of dollars of customers' money on full deployment is reasonable and prudent only if the expenditure is accompanied by a sound and well-crafted plan to fulfill the promise that smart meter technology and other grid enhancements offer. Our ruling allows Dominion to propose such a plan in the future. We approve herein reasonable spending related to Cyber and Physical Security, including supporting Telecommunications investment, but otherwise do not find the remaining components of the Company's proposed Phase I Plan to be reasonable and prudent based on the record in this proceeding.

Accordingly, IT IS SO ORDERED, and this matter IS DISMISSED.

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[39] Ex. 8 (Wright Direct) at 19.

[40] *See, e.g.,* Ex. 16 (Golin Direct) at 45-50; Ex. 14 (Norwood Direct) at 20, 26; Tr. 143-44.

[41] *See, e.g.,* Ex. 16 (Golin Direct) at 47; Ex. 14 (Norwood Direct) at 20.

[42] Ex. 14 (Norwood Direct) at 20.

[43] Ex. 16 (Golin Direct) at 47.

[44] Ex. 10.

[45] Ex. 17 (Essah Direct) at 36; Ex. 23 (Wright Rebuttal) at 28-29; Tr. 551-52.

[46] Ex. 14 (Norwood Direct) at 12; Tr. 511-12.

[47] Ex. 9.

CASE NO. PUR-2018-00101
JANUARY 24, 2019

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of the proposed US-3 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-3, under § 56-585.1 A 6 of the Code of Virginia

ORDER GRANTING CERTIFICATES

On July 24, 2018, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") a petition ("Petition") for approval and certificates of public convenience and necessity ("CPCNs") to construct and operate two utility-scale solar photovoltaic generating facilities: (i) the Colonial Trail West Solar Facility, an approximately 142 megawatt ("MW") (nominal alternating current ("AC")) facility located in Surry County; and (ii) the Spring Grove 1 Solar Facility, an approximately 98 MW AC facility located in Surry County (collectively, "US-3 Solar Projects" or "Projects"). The Company requests approval of and a CPCN for each of the US-3 Solar Projects pursuant to Code

§§ 56-46.1 and 56-580 D and the Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility.[1] Through its Petition, the Company also requested approval of a rate adjustment clause ("RAC"), designated Rider US-3, pursuant to Code § 56-585.1 A 6 ("Subsection A 6") and the Rules Governing Utility Rate Applications and Annual Informational Filings.[2] Dominion filed a Motion for Entry of a Protective Order and Additional Protective Treatment, as well as a proposed Protective Order with its Petition.

On July 26, 2018, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things: docketed the Petition; required the Company to publish notice of the Petition; gave interested persons the opportunity to comment on, or participate in, the proceeding; scheduled separate public hearings for the purpose of receiving testimony and evidence on the Company's request for CPCNs and approval of Rider US-3; and directed the Commission Staff ("Staff") to investigate the Petition and file testimony and exhibits containing its findings and recommendations. Maryland DC Virginia Solar Energy Industries Association ("MDV-SEIA"), Mid-Atlantic Renewable Energy Coalition ("MAREC"), Appalachian Voices ("Environmental Respondents"), the Board of Supervisors of Culpeper County, Virginia ("County"), Appalachian Power Company, and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel") filed notices of participation.

In the Procedural Order, the Commission noted that Staff had requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Projects. The DEQ filed a report ("DEQ Report") on the proposed Projects on October 1, 2018. The DEQ Report summarizes the proposed Projects' potential impacts, makes recommendations for minimizing those impacts, and outlines the Company's responsibilities for compliance with certain legal requirements governing environmental protection.

The DEQ Report contains the following recommendations:

- Take all reasonable precautions to limit emissions of oxides of nitrogen and volatile organic compounds, principally by controlling or limiting the burning of fossil fuels;

- 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;

- Develop an invasive species management plan and the planting of native pollinator plants in coordination with the Department of Conservation and Recreation ("DCR");

- Coordinate with DCR to minimize core fragmentation to preserve the natural patterns and connectivity of habitats;

- Coordinate with DCR to minimize core fragmentation to preserve the natural patterns and connectivity of habitats; Coordinate with DCR for updates to the Biotics Data System database (if the scope of the project changes or six months passes before the project is implemented);

- Coordinate with the Department of Game and Inland Fisheries regarding its project-specific recommendations for the protection of wildlife resources as appropriate, addressing, but not limited to, enhanced native vegetation, plant pollinator species, invasive species control, tree removal, bald eagle nests, wildlife travel corridors, and monitoring for lake and thermal Island effects; and

- Follow the principles and practices of pollution prevention to the extent practicable, and limit the use of pesticides and herbicides to the extent practicable.[3]

The Commission convened an evidentiary hearing regarding the Company's request for CPCNs on December 18, 2018. The Company, MDV-SEIA, MAREC, Environmental Respondents, Consumer Counsel, and Staff participated in the hearing. At the conclusion of the hearing, the Commission heard closing argument from counsel. On January 10, 2019, Dominion and Consumer Counsel filed legal briefs as permitted by the Commission.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows:

<u>Code of Virginia</u>

Code § 56-580 D provides in part:

> The Commission shall permit the construction and operation of electrical generating facilities in Virginia upon a finding that such generating facility and associated facilities (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility, (ii) are required by the public convenience and necessity, if a petition for such permit is filed after July 1, 2007, and if they are to be constructed and operated by any regulated utility whose rates are regulated pursuant to § 56-585.1, and (iii) are not otherwise contrary to the public interest.

Further, regarding generating facilities, Code § 56-580 D directs that "the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1 . . . ."

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[1] 20 VAC 5-302-10 *et seq*.

[2] 20 VAC 5-201-10 *et seq*.

[3] Ex. 17 (DEQ Report) at 5.

Code § 56-46.1 A provides in part:

> Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 *et seq.*) of Chapter 22 of Title 15.2.

Code § 56-46.1 A also provides:

> In order to avoid duplication of governmental activities, any valid permit or approval required for an electric generating plant and associated facilities issued or granted by a federal, state or local governmental entity charged by law with responsibility for issuing permits or approvals regulating environmental impact and mitigation of adverse environmental impact or for other specific public interest issues such as building codes, transportation plans, and public safety, whether such permit or approval is granted prior to or after the Commission's decision, shall be deemed to satisfy the requirements of this section with respect to all matters that (i) are governed by the permit or approval or (ii) are within the authority of, and were considered by, the governmental entity in issuing such permit or approval, and the Commission shall impose no additional conditions with respect to such matters.

Code § 56-580 D contains language that is nearly identical to the language set forth in Code § 56-46.1 A.

The Code also directs the Commission to consider the effect of a proposed facility on economic development in Virginia. Code § 56-46.1 A states in part:

> Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Similarly, Code § 56-596 A provides that "[i]n all relevant proceedings pursuant to [the Virginia Electric Utility Regulation] Act, the Commission shall take into consideration, among other things, the goal of economic development in the Commonwealth."

Code § 56.585.1 A 6 provides in part that (emphasis added):

> The construction or purchase by a utility of one or more generation facilities with at least one megawatt of generating capacity, and with an aggregate rated capacity that does not exceed 5,000 megawatts, including rooftop solar installations with a capacity of not less than 50 kilowatts, and with an aggregate capacity of 50 megawatts, that use energy derived from sunlight or from wind and are located in the Commonwealth or off the Commonwealth's Atlantic shoreline, regardless of whether any such facilities are located within or without the utility's service territory, *is in the public interest*, and in determining whether to approve such facility, the Commission shall liberally construe the provisions of this title.

Code § 56.585.1:4 A states that (emphasis added):

> Prior to January 1, 2024, (i) the construction or purchase by a public utility of one or more solar or wind generation facilities located in the Commonwealth or off the Commonwealth's Atlantic shoreline, each having a rated capacity of at least one megawatt and having in the aggregate a rated capacity that does not exceed 5,000 megawatts, or (ii) the purchase by a public utility of energy, capacity, and environmental attributes from solar facilities described in clause (i) owned by persons other than a public utility *is in the public interest*, and the Commission shall so find if required to make a finding regarding whether such construction or purchase is in the public interest.

Code § 56.585.1:4 D states that:

> Twenty-five percent of the solar generation capacity placed in service on or after July 1, 2018, located in the Commonwealth, and found to be in the public interest pursuant to subsection A or B shall be from the purchase by a public utility of energy, capacity, and environmental attributes from solar facilities owned by persons other than a public utility. The remainder shall be construction or purchase by a public utility of one or more solar generation facilities located in the Commonwealth. All of the solar generation capacity located in the Commonwealth and found to be in the public interest pursuant to subsection A or B shall be subject to competitive procurement, provided that a public utility may select solar generation capacity without regard to whether such selection satisfies price criteria if the selection of the solar generating capacity materially advances non-price criteria, including favoring geographic distribution of generating capacity, areas of higher employment, or regional economic development, if such non-price solar generating capacity selected does not exceed 25 percent of the utility's solar generating capacity.

Finally, Code § 56.585.1 D states that (emphasis added):

> The Commission may determine, during any proceeding authorized or required by this section, the *reasonableness or prudence of any cost incurred or projected to be incurred*, by a utility in connection with the subject of the proceeding. A determination of the Commission regarding the reasonableness or prudence of any such cost shall be consistent with the Commission's authority to determine the reasonableness or prudence of costs in proceedings pursuant to the provisions of Chapter 10 (§ 56-232 *et seq*.). In determining the reasonableness or prudence of a utility providing energy and capacity to its customers from renewable energy resources, the Commission shall consider the extent to which such renewable energy resources, whether utility-owned or by contract, further the objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and shall also consider whether the costs of such resources is likely to result in unreasonable increases in rates paid by customers.

Reliability

Code § 56-580 D sets forth three criteria for granting a CPCN. The first criterion is "no material adverse effect upon reliability of electric service provided by any regulated public utility." No party asserts that the Projects will have a material adverse effect upon reliability.[4]

Public Interest

The third criterion in Code § 56-580 D is "not otherwise contrary to the public interest." As quoted above, the General Assembly has statutorily pre-determined that this type of solar project is "in the public interest."[5]

As also quoted above, the General Assembly's public interest declaration is further informed by the following statutory directive: "Twenty-five percent of the solar generation capacity placed in service on or after July 1, 2018, located in the Commonwealth, and found to be in the public interest pursuant to subsection A or B shall be from the purchase by a public utility . . . from solar facilities owned by persons other than a public utility."[6] Environmental Respondents ask the Commission to establish "guidelines about what that provision means."[7] For example, is 25% a floor, a ceiling, or an exact requirement?[8] How often is it calculated?[9] What is 25% *a fraction of*? Code § 56.585.1:4 A refers to 5,000 megawatts of *both* solar and wind resources "located in the Commonwealth or off the Commonwealth's Atlantic shoreline," which would imply that the 5,000 MW total is a statewide aggregate (including offshore) total of both solar and wind. Nor is the term "public utility" defined, so whether that includes electric cooperatives or municipal utilities is not readily apparent.[10] Nor is it apparent whether the 25% criterion is applicable to *each* public utility separately.[11] There is also a question of how this entire section is supposed to be enforced.

While Environmental Respondents asked for "clarity" on what this Code section means,[12] the relief of clarity will have to come later or from other sources. Although the statute is ambiguous in many respects, we agree with Dominion, Staff, and Consumer Counsel that these questions have no dispositive effect in the instant proceeding and, thus, do not need to be decided herein.[13] Based on the current record, we find that there is no legal basis to remove the Company's proposed self-build Projects from the General Assembly's "public interest" declaration.[14]

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[4] *See, e.g.,* Ex. 2 (Petition) at 9; Ex. 12 (White) at 32; Tr. 458.

[5] *See, e.g.,* Code §§ 56-585.1 A 6 and 56-585.1:4 A.

[6] Code § 56.585.1:4 D.

[7] Tr. 463.

[8] Dominion and MAREC/MDV-SEIA assert that 25% is an exact (or close to exact) requirement. *See, e.g.,* Dominion's Jan. 10, 2019 Brief at 6 (the statute "set a precise amount at 25%"); Tr. 450 (MAREC/MDV-SEIA) (the 25% does not have to be "exact," but "has to be very close."). Conversely, Consumer Counsel, Environmental Respondents, and Staff assert that 25% is a floor, and that the General Assembly knows how to set a ceiling when it wants to but did not include language such as "*no more than*" 25%. *See, e.g.,* Consumer Counsel's Jan. 10, 2019 Brief at 6; Tr. 460 (Environmental Respondents); Tr. 469 (Staff).

[9] Tr. 450, 463.

[10] Tr. 470-471, 480.

[11] Tr. 463, 469.

[12] Tr. 463.

[13] *See, e.g.,* Tr. 480 (Dominion); Tr. 471 (Staff); Consumer Counsel's Jan. 10, 2019 Brief at 7.

[14] Tr. 470.

Public Convenience and Necessity

That leaves the second enumerated criterion in Code § 56-580 D: "required by the public convenience and necessity." We agree with Staff that this term is not defined in the Code but through the long history of this Commission, it has contained a prudency component that includes, among other criteria, both an evaluation of the need for the project as well as the reasonableness of the cost.[15]

Further, Dominion has already requested, as part of this Petition, a RAC under Subsection A 6 to recover the costs of these Projects. While we have bifurcated this proceeding due to the separate statutory deadlines governing the CPCNs (six months) and a RAC under Subsection A 6 (nine months), under Code § 56-585.1 D the Commission may determine the reasonableness and prudence of the costs of any Subsection A 6 RAC project, which this one is.

Need

We find that the capacity and energy from the Projects are not needed to serve Dominion's load growth in the short term.[16] We agree with Staff that through 2022, the Company does not need to increase capacity to serve native load. Any capacity need in the immediate short-term appears to be driven by the Company's election not to use certain of its existing generating units.[17] Beyond 2022, it is possible that the Company may need additional capacity, but the evidence in this proceeding does not clearly establish this need, as any such analysis would be dependent upon the PJM Interconnection, LLC ("PJM") load forecast.

In this regard, in the Commission's recent order on Dominion's 2018 Integrated Resource Plan ("IRP"), we found Dominion's internal load forecast to be overstated and directed the Company to use the Dominion Zone PJM coincident peak load forecast and energy sales forecast, scaled down to the Dominion load-serving entity level, when it filed its corrected 2018 IRP.[18] In rebuttal testimony in the instant proceeding, Dominion submitted evidence seeking to demonstrate that the Projects' capacity and energy were still needed even under the PJM load forecast.[19] Yet Senate Bill 966[20] mandates that Dominion propose $870 million in energy efficiency and demand reduction programs,[21] and in our 2018 IRP Order we directed Dominion in its corrected IRP filing to model the impact of those programs as a *reduction* to the PJM load forecast. We did not expect Dominion to complete that modeling in time for the hearing in this proceeding, and Dominion acknowledged that the PJM forecast contained in its rebuttal testimony herein does not reflect a further reduction in load from the impact of the $870 million in efficiency programs contained in Senate Bill 966.[22]

Given that the revised load forecast for Dominion's 2018 IRP quantifying the expected reduction in load from the efficiency programs required by Senate Bill 966 has not been re-submitted and approved, we therefore find that use of the PJM load forecast in this proceeding to prove a capacity or energy need is not persuasive and does not establish that the Projects are needed.

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[15] *See, e.g.,* Tr. 472-473. *See also Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities: Idylwood-Tysons 230 kV single circuit underground transmission line, Tysons Substation rebuild and related transmission facilities*, Case No. PUR-2017-00143, Doc. Con. Cen. No. 189919860 (Sep. 5, 2018) (finding transmission route optimal because, among other things, it was the least costly alternative); *Application of Virginia Electric and Power Company, For approval of conversion and operation of Bremo Power Station*, Case No. PUR-2012-00101, 2013 S.C.C. Ann. Rept. 289 (Sep. 10, 2013) (evaluating cost-effectiveness of fuel conversion compared to third-party alternatives); *Application of Virginia Electric and Power Company, For approval and certification of the proposed Brunswick County Power Station and related transmission facilities pursuant to §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider BW, pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2013-00128, 2013 S.C.C. Ann. Rept. 302 (Aug. 2, 2013) (finding that the utility established a need for the additional capacity and energy that would be provided by the proposed generation facility); *Application of Virginia Electric and Power Company and Dominion Wholesale, Inc., For approval and certification of electric generating facilities under § 56-580 D and § 56-46.1 of the Code of Virginia and for approval of affiliate transactions under Chapter 4, Title 56 of the Code of Virginia*, Case No. PUR-2007-00032, 2007 S.C.C. Ann. Rept. 435 (Aug. 24, 2007) (comparing third-party bids to company-build option).

[16] *See, e.g.,* Ex. 12 (White) at 10-12; Ex. 14 (Abbott) at 10.

[17] Ex. 12 (White) at 10. The Company testified that "the cold reserve units have higher fixed costs (*e.g.,* labor and maintenance costs) than the benefits customers would receive through capacity and energy revenue from putting those units back into service." Ex. 20 (Kelly Rebuttal) at 3.

[18] *Commonwealth of Virginia, ex rel. State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUR-2018-00065, Doc. Con. Cen. No. 181210172, Order (Dec. 7, 2018) ("2018 IRP Order") at 8. Dominion's internal load forecast remains part of the record for the Company's 2018 IRP.

[19] Ex. 20 (Kelly Rebuttal) at 3.

[20] 2018 Va. Acts of Assembly, ch. 296.

[21] Senate Bill 966, Enactment Clause 15.

[22] Tr. 399-401.

The Projects, however, will also be used to provide environmental attributes to Scout Development LLC, a subsidiary of Facebook, Inc. ("Facebook") under Dominion's Schedule RF, which was recently approved by the Commission.[23] Under Schedule RF, customers that take service under certain cost-based tariffs and bring at least 30,000,000 kWh of incremental load to the Company's system can voluntarily commit to the development of new renewable generation facilities, by agreeing to purchase the environmental attributes of those facilities.[24] Pursuant to Schedule RF, Facebook has committed to purchasing the environmental attributes, including renewable energy certificates ("RECs"), associated with the proposed Projects at a fixed price.[25] Thus, the Projects will be used to provide service to Facebook under Schedule RF.

In addition, DEQ has developed regulations regarding the Commonwealth's participation in the Regional Greenhouse Gas Initiative ("RGGI").[26] The US-3 Solar Projects will be used to comply with these RGGI requirements.[27]

Accordingly, taking the record as a whole, the Commission finds that the Projects are needed.

Cost

The US-3 Solar Projects will cost customers approximately $409.8 million in capital investment.[28] This capital investment will have a total estimated cost of $843 million in nominal dollars (or $419 million in net present value ("NPV")) including financing costs and operating costs, to be received over the useful life of the Projects.[29] Compared to other resource options, the Projects' cost per MWh is approximately 20% and 50% greater than a 20-year and 35-year power purchase agreement ("PPA"), respectively.[30] The Projects' cost per MWh, however, is lower than other supply resources (except generic solar) modeled in the Company's 2018 IRP.[31]

The actual cost to ratepayers of the US-3 Solar Projects will depend on the value of the RECs generated by the Projects and sold to Facebook.[32] The proceeds from the REC sales will offset the cost to ratepayers, and will depend upon the projected output of the Projects, the negotiated price to be paid by Facebook for the RECs for the first 20 years of the Projects, and the Pennsylvania Tier 1 forecasted REC prices for the remaining 15 years of the Projects' 35-year life.[33] It is therefore possible that the cost to customers will be higher or lower than expected, should the Projects' output or forecasted REC prices be less than or greater than expected.

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[23] *Application of Virginia Electric and Power Company, For approval to establish experimental companion tariff, designated Schedule RF, pursuant to § 56-234 B of the Code of Virginia*, Case No. PUR-2017-00137, Doc. Con. Cen. No. 180340169, Order Approving Tariff (Mar. 26, 2018).

[24] *See* Ex. 14 (Abbott), Attachment GLA-2.

[25] *See, e.g.,* Ex. 2 (Petition) at 5; Ex. 4 (Kelly Direct) at 13; Ex. 12 (White) at 11-12; Ex. 14 (Abbott) at 14.

[26] *Regulation for Emissions Trading Programs*, 34:10 VA.R. 924-959 (Jan. 8, 2018). We note that the State Air Pollution Control Board has approved a revised proposed regulation, which has not yet been published in the Virginia Register. The Company characterizes the revised regulation as "even more stringent than originally drafted." Ex. 18 (Windle Rebuttal) at 12.

[27] *See, e.g.,* Ex. 4 (Kelly Direct) at 10-11; Ex. 7 (Williams Direct) at 4-6; Ex. 12 (White) at 10-11; Ex. 14 (Abbott) at 11. In addition, Virginia's participation in RGGI may reasonably be expected to result in pushing existing generation resources into cold-storage or mothball status. *See, e.g.,* Tr. 76, 398. This outcome will increase costs to customers (the mothballed units must still be paid for) and will affect the communities where such units are located due to decreased tax revenues. *See, e.g.,* Tr. 76.

[28] *See* Ex. 11 (Harris) at 5.

[29] *See, e.g.,* Ex. 3 (Windle Direct) at 16; Ex. 11 (Harris) at 4-5.

[30] *See, e.g.,* Ex. 14 (Abbott) at 20. Dominion asserted that these cost differences are also due, in part, to differences in the timing of the receipt of federal tax credits. *See, e.g.,* Ex. 18 (Windle Rebuttal) at 12; Tr. 498.

[31] *See, e.g.,* Ex. 14 (Abbott) at 19. The Commission directed Dominion to revise its 2018 IRP to develop a true least-cost plan. *See, e.g.,* 2018 IRP Order at 4.

[32] Ex. 3 (Windle Direct) at 6-7.

[33] Ex. 11 (Harris) at 9.

Risk

From an economic standpoint, a solar project such as this one has two distinct advantages: there is no fuel-cost risk, and there is no carbon-cost risk. Solar, however, under the present state of technology is intermittent and non-dispatchable, so the economic risk is significantly related to its performance at generating electrical power. Simply put, as performance falls short, the costs go up.[34] Under the Company's Petition, customers will be required to pay for the costs of the Projects, plus a return to Dominion, for the entire 35-year life of the RAC.[35] As noted above, the General Assembly has declared as a matter of public policy that solar projects of this type are in the public interest. The question in this case, therefore, is not solar versus another type of resource; it is whether Dominion has structured the financial and performance risks of this solar project to be reasonable and prudent – and thus *fair* – for its customers.

The Company chose a self-build, as opposed to a PPA, model for these Projects. As noted by the Company, PPAs have their own unique risks. For example, as markets or the industry change over time, PPA owners have historically pursued changes to the contracts.[36] In addition, three prior solar PPAs selected by the Company are no longer being pursued by their respective developers for various reasons.[37]

In terms of *financial* risk, however, Dominion's stockholders bear little risk under either a self-build or a PPA option. Dominion will fully recover its valid costs under either one. Customers will pay those costs under either. Rather, it is in *performance* risk that the biggest potential difference is found. With a PPA model, such as Dominion's Water Strider solar project recently approved by this Commission,[38] performance risks are typically borne by the third-party vendor, not by Dominion's customers. With a self-build option as proposed in this Petition, Dominion's customers bear both the performance and financial risks. Dominion bears little of either.

Thus, under Dominion's proposed self-build model, the Company's customers bear essentially all of the risk that the Projects do not meet the performance targets upon which Dominion has based its projected costs and benefits. That is, there is an inverse relationship that will see customers' costs rise as performance falls.[39] In this regard, Dominion's estimate of a positive NPV for customers is based on the solar generators meeting a 28% capacity factor. The actual performance in Virginia of solar generating resources has demonstrated actual capacity factors significantly below 28%, actually below 20%.[40] To the extent the actual performance of the Projects falls below 28%, the cost to customers goes up, and the NPV becomes negative for customers below 25%.[41]

In its rebuttal testimony, however, Dominion proposed a performance guarantee to address this performance – and concomitant financial – risk that would be placed on customers through a self-build option. Specifically, the Company proposed a performance guarantee that would hold customers harmless for performance below a collective 25% capacity factor for the Projects.[42] To the extent the actual capacity factor for the Projects falls below 25% for an annual calendar-year period, the Company proposed to credit customers for lost REC revenues and replacement power costs associated with that deficit.[43] The Company proposed that the performance guarantee would remain in place for a period of seven years from the date that the first Project enters commercial operations.[44]

Based on the instant record, the Commission finds that a performance guarantee is appropriate and necessary to address the risk of rising and excessive costs to customers attendant to the proposed Projects. As discussed below, however, we further find that Dominion's proffered performance guarantee is insufficient for this purpose.

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[34] *See, e.g.*, Tr. 269.

[35] Any revenues from RECs purchased by Facebook will operate as a reduction (credit) in the amount Dominion may recover through the RAC for the first 20 years (the life of Dominion's contract with Facebook). *See, e.g.,* Ex. 14 (Abbott) at 14. Facebook is not a party in this proceeding and is, of course, not regulated by this Commission. The contract between Dominion and Facebook is not enforceable by this Commission. A shortfall or absence of REC revenues from Facebook would not impair Dominion's legal right to recover otherwise valid US-3 Solar Projects costs from customers through the RAC. *See, e.g.,* Ex. 14 (Abbott) at 17-18.

[36] *See, e.g.,* Ex. 23 (Billingsley Rebuttal) at 3-4.

[37] *See, e.g., id*. at 2.

[38] *Petition of Virginia Electric and Power Company, For a prudency determination with respect to the Water Strider Solar Power Purchase Agreement pursuant to § 56-585.1:4 F of the Code of Virginia*, Case No. PUR-2018-00135, Doc. Con. Cen. No. 18110152, Final Order (Nov. 2, 2018).

[39] For example, if the Projects do not meet targeted capacity factors and produce less energy: (1) Dominion will receive less REC revenue from Facebook than projected, the difference of which will be recovered from ratepayers; (2) customers will have to pay for replacement energy from the market; and (3) customers will still have to pay for the full cost of the Projects through Rider US-3. *See, e.g.,* Ex. 14 (Abbott) at 17-18.

[40] *See, e.g., id.* at 16; Ex. 15 (Comparison of Capacity Factors); Ex. 10 at 4. In Dominion's most recent IRP proceeding, this Commission found, based on evidence of actual performance in the record, that Dominion should model generic solar at a 23% capacity factor. 2018 IRP Order at 9.

[41] *See, e.g.,* Tr. 106; Ex. 12 (White) at 18.

[42] *See, e.g.,* Ex. 20 (Kelly Rebuttal) at 22-23; Ex. 22 (Scott Rebuttal) at 2.

[43] The lost REC revenues would be credited to customers through the next annual Rider US-3 update proceeding, and the replacement power costs would be credited through the next annual fuel factor proceeding. *See, e.g.,* Ex. 20 (Kelly Rebuttal) at 23; Tr. 420.

[44] *See, e.g.,* Ex. 20 (Kelly Rebuttal) at 23.

Performance Guarantee

The Commission finds that the Projects, as proposed in the Petition, are not "required by the public convenience and necessity" under Code § 56-580 D due to the performance and financial risks that would be placed on Dominion's customers.[45] Dominion's cost analyses are based on a 28% solar capacity factor.[46] The capacity factor at which customers essentially break even is 25%.[47] Based on the record herein, we do not find that it is reasonable for customers to bear the risks, for the life of the Projects, that either of these assumed capacity factors will be met. The actual performance of solar generating resources in Virginia has been below 20%, and the Company's existing US-2 solar facilities have underperformed with capacity factors as low as 16%.[48]

As noted above, Dominion proposed a seven-year performance guarantee in its rebuttal testimony "to hold customers harmless for performance below a 25% capacity factor . . . which is the level below which the Projects would no longer have a positive NPV to customers."[49] At the evidentiary hearing (and again in its post-hearing brief), Dominion proposed additional language where the Commission could decide – at some point during the seven-year period – to continue such guarantee beyond seven years based on the demonstrated performance of the Projects.[50] Both Environmental Respondents and Consumer Counsel support a performance guarantee as a condition for approval of the Projects. Environmental Respondents specifically requested the Commission to "approve this project with some sort of performance guarantee that the Commission finds acceptable."[51] Consumer Counsel supported a performance guarantee that is "no shorter than the corresponding 20-year REC purchase contract with [Facebook] in connection with Schedule RF."[52]

The Commission agrees with Environmental Respondents and Consumer Counsel that a sufficient performance guarantee is needed in order to find that the Projects are reasonable, prudent, and required by the public convenience and necessity.[53] We also find that establishing a performance guarantee at this time of seven years – especially when contrasted against the risks being placed on customers with these Projects, the 20-year Facebook contract, and the 35-year life of the RAC during which customers will be paying for these Projects – is not sufficient for this purpose. Rather, we conclude that the performance guarantee required as part of any CPCN approval herein should be no shorter than 20 years, concurrent with the Facebook contract and providing necessary protection to customers through the time when the substantial majority of the Projects' costs will be paid.[54]

Accordingly, the Commission finds that the Projects are required by the public convenience and necessity, and that the costs thereof as identified in this proceeding are reasonable and prudent, only if the following conditions and requirements are met:

(1) The Projects shall collectively have a guaranteed capacity factor of 25% or higher for purposes of cost recovery. Customers shall be held harmless for performance below this 25% capacity factor.

(2) The collective capacity factor for the Projects shall be determined annually.

(3) In calculating the collective capacity factor, force majeure shall apply only to events that are truly sudden, catastrophic, and extraordinary (such as hurricanes), not to events such as vagaries in weather, equipment failures, design problems, or operation and maintenance issues. Should Dominion seek to invoke force majeure in calculating capacity factors, such claim shall be considered as an issue of fact in the annual RAC proceeding attendant to the Projects.

(4) The guaranteed capacity factor herein of 25% or greater shall remain in place for a period of 20 years from the date that the first Project enters commercial operations.

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[45] Thus, we likewise find that it would not be reasonable and prudent, under Code § 56.585.1 D, for Dominion to incur the costs of the Projects under the terms set forth in its Petition.

[46] *See, e.g.,* Ex. 12 (White), Attachment EJW-3. Specifically, the Company used a capacity factor of 28.4% for Colonial Trail West and 27.3% for Spring Grove 1. *Id.*

[47] *See, e.g.,* Tr. 106; Ex. 12 (White) at 18.

[48] *See, e.g.,* Ex. 14 (Abbott) at 16; Ex. 15 (Comparison of Capacity Factors). Historic performance of similar facilities outside of Virginia has generally exceeded 25% only in the Southwest and in California. Ex. 10 at 4.

[49] Ex. 18 (Windle Rebuttal) at 8-9. *See also* Ex. 20 (Kelly Rebuttal) at 22-23; Tr. 344-351.

[50] Ex. 25; Dominion's Jan. 10, 2019 Brief at 9.

[51] Tr. 463.

[52] Consumer Counsel's Jan. 10, 2019 Brief at 3. Consumer Counsel also requested "no allowance for force majeure events, or, at a minimum, a narrowly tailored force majeure provision…." *Id.*

[53] Dominion agreed that the Commission has the legal authority to condition CPCN approval on a performance guarantee. *See, e.g.,* Dominion's Jan. 10, 2019 Brief at 9-12.

[54] By year 20, *more than three-quarters* (78%) of the total costs of the project will have already been paid by customers through the RAC, with only 22% remaining to be paid over the remaining 15 years of the RAC. Ex. 11 (Harris), Schedule 1.

Federal Investment Tax Credits

Dominion's NPV calculations are also based on maximizing the federal investment tax credits ("ITCs") available for solar facilities, which represents an approximately $56 million benefit to customers on a NPV basis.[55] The Company, however, will only maximize such tax credits if it begins construction prior to December 31, 2019.[56] In this regard, the Commission's approval is conditioned on a total project cost that includes this $56 million benefit to the Company's customers. That is, as with the Projects' collective capacity factor above, the Commission finds that the Projects are required by the public convenience and necessity, and that the costs thereof as identified in this proceeding are reasonable and prudent, subject to the requirement that the Company's customers receive this maximum benefit from the ITCs.

Environmental Impact

The Code directs that the Commission "shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact."[57]

As noted above, DEQ coordinated an environmental review of the proposed Projects and submitted a DEQ Report that, among other things, set forth specific recommendations. We find that as a condition of the CPCNs granted herein, the Company shall comply with the recommendations in the DEQ Report and coordinate with DEQ to implement DEQ's recommendations. As a further condition to the CPCNs granted herein, the Company shall obtain all environmental permits and approvals that are necessary to construct and operate the Projects.

Economic Development

As required by Code § 56-46.1 A, the Commission has "consider[ed] the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102."

In its pre-filed testimony,[58] Dominion claimed the Projects will promote economic development and cited a report that Dominion did not include with its testimony, but which it disclosed in response to a Staff discovery request.[59] Dominion acknowledged that the report only considered the benefits from the expenditure of money on the Projects, and did not include the potential economic impact of the costs on its customers throughout its service territory.[60] Thus, we cannot conclude, based on the report alone, that the Projects will result in either a positive or negative economic impact on Dominion's service territory or its more than two million customers.

Accordingly, IT IS ORDERED THAT:

(1) Dominion shall not construct the US-3 Solar Projects, or seek recovery therefor, if the Company does not accept all of the conditions and requirements of the Commission's approval set forth in this Order Granting Certificates.

(2) Subject to the conditions and requirements set forth in this Order Granting Certificates, Dominion is granted approval and Certificate of Public Convenience and Necessity Nos. EG-221 and EG-222 to construct and operate the US-3 Solar Projects as set forth in this proceeding.

(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:

EG-221 Spring Grove 1 Solar Facility; and

EG-222 Colonial Trial West Solar Facility.

(4) This matter is continued.

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[55] *See, e.g.,* Ex. 2 (Petition) at 5; Ex. 4 (Kelly Direct) at 15; Ex. 20 (Kelly Rebuttal) at 12. This equates to a total revenue requirement reduction of $119.8 million over the 35-year service life of the Projects. *See, e.g.,* Ex. 20 (Kelly Rebuttal) at 12.

[56] *See, e.g.,* Ex. 4 (Kelly Direct) at 15.

[57] Code § 56-46.1 A. *See also* Code § 56-580 D (stating that "the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1 . . . .").

[58] Ex. 3 (Windle Direct) at 8-9.

[59] Ex. 12 (White), Attachment EJW-20.

[60] Tr. 48-50.

CASE NO. PUR-2018-00101
APRIL 15, 2019

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of the proposed US-3 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-3, under § 56-585.1 A 6 of the Code of Virginia

ORDER APPROVING RATE ADJUSTMENT CLAUSE

On July 24, 2018, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") a petition ("Petition") for approval and certificates of public convenience and necessity ("CPCNs") to construct and operate two utility-scale solar photovoltaic generating facilities: (i) the Colonial Trail West Solar Facility, an approximately 142 megawatt ("MW") (nominal alternating current ("AC")) facility located in Surry County; and (ii) the Spring Grove 1 Solar Facility, an approximately 98 MW AC facility located in Surry County (collectively, "US-3 Solar Projects"). The Company requested approval of and a CPCN for each of the US-3 Solar Projects pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia ("Code") and the Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility.[1] Through its Petition, the Company also requested approval of a rate adjustment clause ("RAC"), designated Rider US-3, pursuant to Code § 56-585.1 A 6 and the Rules Governing Utility Rate Applications and Annual Informational Filings.[2]

On July 26, 2018, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things: docketed the Petition; required the Company to publish notice of the Petition; gave interested persons the opportunity to comment on, or participate in, the proceeding; scheduled separate public hearings for the purpose of receiving testimony and evidence on the Company's request for CPCNs and approval of Rider US-3; and directed the Commission Staff ("Staff") to investigate the Petition and file testimony and exhibits containing its findings and recommendations. Maryland DC Virginia Solar Energy Industries Association ("MDV-SEIA"), Mid-Atlantic Renewable Energy Coalition ("MAREC"), Appalachian Voices ("Environmental Respondents"), the Board of Supervisors of Culpeper County, Virginia, Appalachian Power Company, the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), and the Virginia Committee for Fair Utility Rates ("Committee") filed notices of participation.[3]

On December 18, 2018, the Commission convened an evidentiary hearing on the Company's request for CPCNs. The Company, MDV-SEIA, MAREC, Environmental Respondents, Consumer Counsel, and Staff participated in such hearing. On January 10, 2019, Dominion and Consumer Counsel filed legal briefs as permitted by the Commission.

On January 24, 2019, the Commission issued an Order Granting Certificates that approved the requested CPCNs subject to specific conditions and requirements, which the Company accepted.[4]

On March 6, 2019, the Commission convened an evidentiary hearing on the Company's request for a RAC. The Company, Environmental Respondents, the Committee, Consumer Counsel, and Staff participated in such hearing. On March 29, 2019, Dominion, the Committee, Consumer Counsel, and Staff filed briefs as permitted by the Commission.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

The Commission finds that Rider US-3 meets the statutory requirements for approval of a RAC under Code § 56-585.1 A 6.[5] The Commission herein approves a revenue requirement, as updated by the Company during the proceeding, of $10.570 million.[6] As noted by the Company, however, this amount exceeds the total tariff rates originally requested by the Company and included in the public notice.[7] Thus, for purposes of the instant RAC, the Company continues to request, and the Commission approves, the originally-requested revenue requirement of $10.365 million.[8] The Commission also approves Dominion's request that the $10.365 million revenue requirement be made effective in rates beginning June 1, 2019, and remain in effect through May 31, 2020.[9]

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[1] 20 VAC 5-302-10 *et seq*.

[2] 20 VAC 5-201-10 *et seq*.

[3] On January 9, 2019, the Commission issued an Order granting the Committee's motion for leave to file its notice of participation out-of-time.

[4] *See, e.g.,* Tr. 595.

[5] The Commission also notes that no party in this case argued otherwise. *See, e.g.,* Dominion's March 29, 2019 Brief at 3.

[6] *See, e.g.,* Ex. 41 (Moore Rebuttal) at 4.

[7] Dominion's March 29, 2019 Brief at 4 n.5.

[8] *Id*. As also noted by the Company, the difference can be addressed as part of Dominion's annual true-up for Rider US-3. *Id*.

[9] *See, e.g.,* Dominion's March 29, 2019 Brief at 4; Staff's March 29, 2019 Brief at 10. The Company will utilize a rate year of June 1 through May 31 for future Rider US-3 proceedings, beginning with the 2019 annual update to be filed on or after July 1, 2019. *See, e.g.,* Ex. 41 (Moore Rebuttal) at 5; Staff's March 29, 2019 Brief at 10.

The only contested issue in the RAC proceeding involved the appropriate jurisdictional and class cost allocation methodology to be applied to Rider US-3. Dominion utilized the average and excess allocation methodology that it typically uses for generation resources.[10] Staff proposed a new "specialized allocation methodology for the recovery of the costs of the US-3 Solar Projects that more closely aligns with the benefits received from the resource."[11] Dominion and the Committee oppose Staff's request to change allocation methodologies.[12] Consumer Counsel "supports the objective behind Staff's [proposal]."[13]

For purposes of the instant proceeding, the Commission approves the average and excess allocation methodology used by Dominion.[14] The Commission further concludes, however, that Staff has identified an important issue worthy of additional study and consideration.[15] In this regard, Dominion proposed that "the Commission could direct further study of this cost allocation issue in the next Rider US-3 proceeding" and "could direct the Company to study cost allocation for intermittent facilities and present its result as part of [its] next filing [on or after July 1, 2019]."[16] We agree and so direct. Dominion shall present a thorough cost allocation study for intermittent facilities as part of its next Rider US-3 application, and the participants in that next case shall develop a record for consideration of allocation alternatives.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Petition for approval of a RAC, designated Rider US-3, is approved as discussed herein.

(2) Rider US-3, as approved herein, shall be effective for usage on and after June 1, 2019.

(3) The Company shall file its annual Rider US-3 application on or after July 1, 2019.

(4) The Company's 2019 annual Rider US-3 application shall include a thorough cost allocation study for intermittent facilities.

(5) This case is dismissed.

Commissioner Patricia L. West did not participate in this matter.

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[10] *See, e.g.,* Dominion's March 29, 2019 Brief at 2.

[11] Ex. 30 (Abbott Direct) at 9.

[12] *See, e.g.,* Dominion's March 29, 2019 Brief at 3-19; Committee's March 29, 2019 Brief at 1-26.

[13] Consumer Counsel's March 29, 2019 Brief at 5.

[14] Having made such finding, the Commission nonetheless rejects the Committee's contention that it would be inappropriate to change allocation methodologies as part of the instant case. *See, e.g.,* Committee's March 29, 2019 Brief at 24; Tr. 588-89. As noted by Staff, the public notice in this case expressly stated that "the Commission *may apportion revenues among customer classes* and/or design rates in a manner differing from that shown in the Petition and supporting documents and thus may adopt rates that differ from those appearing in the Company's Petition and supporting documents." *See, e.g.,* Staff's March 29, 2019 Brief at 6 (emphasis in original) (citing Procedural Order at 12; Tr. 733). The Committee, however, argues that such notice should be discounted or disregarded because Dominion has "*eleven pending*" RAC cases and "it is simply not possible … to participate in every case." Committee's March 29, 2019 Brief at 24 (emphasis in original). This argument, again, we reject. The panoply of RAC cases pending at the Commission at any given time is an outcome of the statute.

[15] Accordingly, the allocation methodology approved herein is explicitly without prejudice for further consideration of such issue and potential approval of different allocation methodologies in subsequent proceedings.

[16] Dominion's March 29, 2019 Brief at 18.

CASE NO. PUR-2018-00118
MAY 2, 2019

PETITION OF
APPALACHIAN POWER COMPANY

For revision of rate adjustment clause, the EE-RAC, pursuant to § 56-585.1 A 5 c of the Code of Virginia

ORDER APPROVING RATE ADJUSTMENT CLAUSE

On September 28, 2018, Appalachian Power Company ("APCo" or "Company"), pursuant to § 56-585.1 A 5 c of the Code of Virginia ("Code") and the Final Order of the State Corporation Commission ("Commission") in Case No. PUR-2017-00126,[1] filed with the Commission its petition ("Petition") for approval of an updated rate adjustment clause – the "EE-RAC" – to recover the costs of its proposed energy efficiency ("EE")/demand response ("DR") portfolio ("EE/DR Portfolio").[2]

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[1] *Petition of Appalachian Power Company, For approval of a rate adjustment clause, the EE-RAC, pursuant to § 56-585.1 A 5 c of the Code of Virginia and for approval of new energy efficiency programs*, Case No. PUR-2017-00126, Doc. Con. Cen. No. 180540050, Final Order (May 16, 2018) ("2018 EE-RAC Order").

[2] Supporting testimony and other documents also were filed with the Petition.

The Company is not requesting the Commission's approval of any new EE/DR programs with its current Petition. APCo projects that it will spend approximately $6,194,789 on its current EE/DR Portfolio for the rate year July 1, 2019, through June 30, 2020 ("2019 Rate Year").[3] Specifically, the Company requests approval to continue the EE-RAC for the 2019 Rate Year to recover: (i) 2019 Rate Year costs associated with the Company's current EE/DR programs ("Projected Factor"); and (ii) any (over)/under recovery of costs associated with the EE/DR Portfolio as of June 30, 2019 ("True-Up Factor").[4] APCo calculated the margin on operating expenses for the Projected Factor based on a return on common equity of 9.4%, authorized by the Commission in Case No. PUE-2016-00038.[5] The Company proposes a total EE-RAC revenue requirement of $5,836,933 for the 2019 Rate Year, which consists of a Projected Factor in the amount of $6,194,789, and a True-Up Factor credit of $357,856.[6] APCo is not seeking recovery of lost revenues in this proceeding.[7]

For calculating the proposed EE-RAC rates, the Company proposes to allocate the costs of the proposed EE/DR Portfolio to the Virginia tariff classes in accordance with the methodology approved in the 2015 EE-RAC Order,[8] and updates the allocators and billing determinants used to develop class revenue requirements for the year ending December 31, 2016, per the 2017 EE-RAC Order.[9]

On October 26, 2018, the Commission issued an Order for Notice and Hearing that, among other things: docketed this case; required the Company to provide notice of its Petition; established a procedural schedule for notices of participation and prefiled testimony; scheduled a hearing on the Petition for February 26, 2019; and assigned the case to a Hearing Examiner. The following filed notices of participation in this case: VML/VACo APCo Steering Committee ("Steering Committee"); Old Dominion Committee for Fair Utility Rates ("Committee"); and Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"). The Commission received no written comments in this matter.

On February 26, 2019, the Hearing Examiner convened a hearing for this case as scheduled. The Company, Steering Committee, Committee, Consumer Counsel, and Staff of the Commission ("Staff") participated at the hearing. No public witnesses testified at the hearing.

On March 6, 2019, the Hearing Examiner issued the Report of Mary Beth Adams, Hearing Examiner ("Report"). The Hearing Examiner summarized the record in this case and found that: (1) the Commission should approve a new annual revenue requirement for the EE-RAC in the amount of $5,681,269; (2) in future EE-RAC filings, the Company should be required to continue to provide the information recommended by Staff; (3) the updated EE-RAC rates should be implemented for service during the 2019 Rate Year; and (4) the Company should make its next EE-RAC filing on or before September 30, 2019.[10]

On March 15, 2019, Staff filed comments on the Report. No other participant filed comments on the Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

EE/DR Programs

As noted above, the Company is not requesting the Commission's approval of any new EE/DR programs in this proceeding.[11]

Revenue Requirement

The Commission agrees with the Hearing Examiner that the record in this case supports a revenue requirement of $5,681,269 for the 2019 Rate Year.[12]

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[3] Ex. 2 (Petition) at 3-4; Ex. 3 (Bacon Direct) at 5-6.

[4] *See* Ex. 2 (Petition) at 4, Schedule 46C; Ex. 3 (Bacon Direct) at 5-6, Schedule 2.

[5] Ex. 2 (Petition) at 4. *See Application of Appalachian Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses*, Case No. PUE-2016-00038, 2016 S.C.C. Ann. Rept. 393, 396, Final Order (Oct. 6, 2016).

[6] Ex. 2 (Petition) at 4, Schedule 46C; Ex. 3 (Bacon Direct) at 6.

[7] Ex. 2 (Petition) at 4; Ex. 3 (Bacon Direct) at 6.

[8] *See, e.g.,* Ex. 2 (Petition) at 4. *Petition of Appalachian Power Company, For approval to implement a portfolio of energy efficiency programs and for approval of a rate adjustment clause pursuant to § 56-585.1 A 5 c of the Code of Virginia*, Case No. PUE-2014-00039, 2015 S.C.C. Ann. Rept. 215, 220, Final Order (June 24, 2015), corrected *nunc pro tunc*, Doc. Con. Cen. No. 150630185 (June 26, 2015) ("2015 EE-RAC Order").

[9] *See, e.g.,* Ex. 2 (Petition) at 4. *See Petition of Appalachian Power Company, For approval to continue a rate adjustment clause, the EE-RAC, pursuant to § 56-585.1 A 5 c of the Code of Virginia*, Case No. PUE-2016-00089, 2017 S.C.C. Ann. Rept. 365, 366, Final Order (May 11, 2017) ("2017 EE-RAC Order").

[10] Report at 9.

[11] The EE/DR programs were most recently approved in the Commission's 2018 EE-RAC Order.

[12] Report at 8, 9. *See also* Ex. 5 (Mangalam) at 4, Schedules 1, 2. No participant opposed this revenue requirement. *See, e.g.,* Ex. 8 (Castle Rebuttal) at 1; Tr. 5-7.

Cost Caps

The Commission approves the spending amounts for the EE/DR programs as proposed in this proceeding. The Commission also notes that APCo has a statutory obligation to propose an aggregate of at least $140 million in energy efficiency programs pursuant to Enactment Clause 15 of Senate Bill 966.[13] Consistent therewith, we do not impose any cost cap for any individual program other than the amount of program-specific spending approved herein.[14] In addition as noted above, APCo is not seeking lost revenues in this proceeding, and therefore the amounts for each program approved herein should be spent exclusively on programmatic costs, with no portion for any amount of lost revenues.[15]

Reporting Requirements

The Commission also agrees with the Hearing Examiner that the reporting requirements recommended by Staff witness Mangalam should be approved.[16]

In addition, we note that the purpose of the EE/DR programs is to reduce energy usage, either at peak times (demand response and peak shaving) or year-round (energy efficiency). Thus, the true test of any such program is whether, *in actual practice*, it is the proximate cause of a verifiable reduction in energy usage. This evidence will be, by definition, retrospective in nature. Accordingly, the Commission also directs the Company to file, in every future rate adjustment clause proceeding under Code § 56-585.1 A 5, evidence of the actual energy savings achieved as a result of each specific program for which cost recovery is sought, along with revised cost-benefit tests that incorporate actual Virginia energy savings and cost data. We further direct Staff to investigate each such filing, to analyze the program-specific evidence on actual energy savings and the proximate cause thereof, and to report on its findings. This evidence will be relevant to at least two foreseeable issues: (i) identifying the true cost-effectiveness of programs, which will enable the Commission to determine which programs should be expanded in scope and budget so as to maximize the reductions in energy usage, which ones are least effective and should have their budgets shifted to more effective programs, and which ones are not cost-effective and should be discontinued; and (ii) evaluating any claim by APCo to cost recovery for lost revenues.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Petition is hereby granted as set forth herein.

(2) The Company shall forthwith file revised tariffs designed to recover a 2019 Rate Year revenue requirement of $5,681,269 with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance.

(3) The EE-RAC as approved herein shall become effective for usage on and after July 1, 2019.

(4) The Company shall file its application to continue Rider EE-RAC no later than September 30, 2019.

(5) In future EE-RAC filings, the Company shall be required to continue to fulfill the reporting requirements agreed to with Staff in the form of a pre-filed exhibit(s). The Company shall continue to work with Staff to prepare such a pre-filed exhibit(s).

(6) The Company shall file an updated Evaluation, Measurement and Verification report on or before May 1, 2020.

(7) In every future rate adjustment clause proceeding under Code § 56-585.1 A 5, APCo shall submit evidence of the actual energy savings achieved by each specific program for which cost recovery is sought.

(8) This matter is continued.

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[13] 2018 Va. Acts Ch. 296.

[14] The Commission has not approved a "portfolio" spending amount; the Company may only spend the specific amount approved for each individual program.

[15] While not addressed in this proceeding, it would appear that any future claim for lost revenues would be more appropriately considered in the context of a base-rate earnings review.

[16] Report at 8, 9. APCo also confirmed that it has continued to work with Staff to develop the reporting requirements and continues to support them. Ex. 8 (Castle Rebuttal) at 1-2.

CASE NO. PUR-2018-00119
JANUARY 4, 2019

PETITION OF
BEDFORD REGIONAL WATER AUTHORITY and CAGNAC, INC.

For approval of a transfer of a public utility

ORDER GRANTING APPROVAL

On July 24, 2018, the Bedford Regional Water Authority ("Authority") and CaGNaC, Inc. ("Cedar Rock")[1] (collectively, "Petitioners"), filed a petition ("Petition") with the State Corporation Commission ("Commission"), seeking authority for Cedar Rock to transfer to the Authority one wastewater system ("System"), including all assets used to operate the System owned by Cedar Rock in Bedford County, Virginia, and all real estate parcels associated with the System ("Proposed Transfer").

Petitioners stated that Cedar Rock currently provides wastewater service to 25 residential connections, with the ability to serve an additional 15 unoccupied or vacant lots.[2] Petitioners indicated that Cedar Rock and the Authority entered into a Transfer Agreement dated July 11, 2018, in which the Authority agreed to operate and maintain the System.[3] Petitioners represented that current customers would continue to be connected to the System and new customers would be required to pay the Authority's normal Capital Recovery and Tap Fees.[4]

The Petitioners requested approval of the Proposed Transfer pursuant to § 56-88 *et seq.* of the Code of Virginia ("Code"),[5] which provides for the approval of the transfer of utility assets upon a finding by the Commission that "adequate service to the public at just and reasonable rates will not be impaired or jeopardized."[6] The Petitioners asserted that adequate service at just and reasonable rates would not be impaired or jeopardized by the Proposed Transfer but rather would be maintained and enhanced for the customers of the System.[7] In support of this assertion, Petitioners stated that there would be no interruption in continuous service to the System's customers and that no physical interconnection between the System and the Authority's systems would be required to continue such service at this time.[8] The Petitioners further represented that the Authority is a governmental entity that is better equipped and has better resources than Cedar Rock to supply the wastewater needs of customers in the Cedar Rock subdivision.[9]

Petitioners stated that base rates will remain unchanged for current customers; however, excluding consideration of capital assessments, customers' rates would increase slightly after the Proposed Transfer, depending on each individual customer's monthly usage.[10] Petitioners indicated that Cedar Rock currently charges $70 per month per customer, billing on a quarterly basis, and that Cedar Rock assessed a one-time capital assessment fee of $320 per lot in or about 2016.[11] Petitioners asserted that, based on the current rate, the Authority would charge $70 per month per customer,[12] billing on a monthly basis, and that there would be a volume commodity charge at the current rate of $7.40 per 1,000 gallons. Petitioners represented that, after the Proposed Transfer, Cedar Rock customers would no longer be assessed any capital assessments.[13]

On August 8, 2018, the Commission issued an Order for Notice and Comment that, among other things, directed Petitioners to notify customers of the Petition, provided an opportunity for interested persons to comment or request a hearing on the Petition, and directed the Commission's Staff ("Staff") to file a report ("Staff Report") containing its findings and recommendations. No one filed comments or requested a hearing on the Petition.

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[1] Cedar Rock is formally known as CaGNac, Inc.

[2] Petition, Appendix at 2, 5.

[3] *Id.* at 5.

[4] *Id.*

[5] Utility Transfers Act.

[6] Code § 56-90.

[7] Petition at 6.

[8] *Id*.

[9] *Id.*, Appendix at 4.

[10] *Id*.

[11] *Id*.

[12] Petitioners state that undeveloped lots owned by Cedar Rock will also be charged a monthly fee of $70.00. *Id.*

[13] Petition, Appendix at 4.

On December 5, 2018, Staff filed its Staff Report. Staff concluded that, based on the Petitioners' representations, the System's current customers would benefit from the transition to the Authority's services, and the Authority would maintain and make capital improvements to the System.[14] Staff stated that it believed the Proposed Transfer would not impair or jeopardize the provision of adequate service at just and reasonable rates, and therefore meets the standard of the Utility Transfers Act.[15] Therefore, Staff recommended approval of the Proposed Transfer. Staff also recommended that Petitioners file a Report of Action with the Commission and that Cedar Rock's certificate of convenience and necessity ("Certificate") be cancelled upon receipt of the Report of Action.[16]

The Petitioners did not file a response to the Staff Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the above-described Proposed Transfer will neither impair or jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved subject to certain requirements set forth herein.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Petitioners hereby are granted approval of the Proposed Transfer as described herein.

(2) Within ninety (90) days of completing the Proposed Transfer, the Petitioners shall file a Report of Action with the Commission that includes the date of the consummation of the Proposed Transfer.

(3) Cedar Rock shall provide all records related to the transferred System assets to the Authority at closing.

(4) Cedar Rock's Certificate shall be cancelled upon receipt of the Report of Action.

(5) This case is dismissed.

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[14] Staff Report at 3.

[15] *Id.*

[16] *Id.*

CASE NO. PUR-2018-00125
JUNE 11, 2019

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For general rate relief

FINAL ORDER

On August 6, 2018, Central Virginia Electric Cooperative ("CVEC" or "Cooperative") filed with the State Corporation Commission ("Commission") an application pursuant to §§ 56-231.33, 56-231.34, 56-236, 56-238, and 56-585.3 of the Code of Virginia ("Code") requesting approval of its proposed rates and charges ("Application"). CVEC also filed a Motion for Protective Ruling ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("Rules of Practice").[1]

In its Application, CVEC requested that the Commission allow it to revise retail rates to increase total system revenues by approximately $5 million, an overall increase of 5.9%.[2] The Cooperative stated that, based on pro-forma test-year results, the rates requested in this Application will result in a jurisdictional rate of return on rate base of 5.77% and produce a total system times interest earned ratio ("TIER") of 2.25, or 2.19 on a jurisdictional basis.[3] CVEC proposed changes to both the volumetric and fixed monthly charges for its customers on Rate Schedule A – Farm and Home; Rate Schedule B - General Services; Rate Schedule LP - Large Power Service; Rate Schedule I - Commercial and Industrial Service; and Rate Schedule SHL - Street, Highway and Homestead Lighting Service.[4]

CVEC requested that the Commission authorize the Cooperative to place its proposed rates into effect for service rendered on and after November 1, 2018, subject to refund, if any, based on the Commission's Final Order.[5] CVEC submitted that placing its proposed rates into effect on November 1, 2018, will allow the Cooperative to maintain a strong financial position in order to better serve its members.[6]

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[1] CVEC's Motion was granted by a Hearing Examiner's Protective Ruling issued on September 21, 2018.

[2] Ex. 1 (Application) at 3.

[3] *Id.* at 3-4.

[4] Ex. 1 (Application) at 4-5; Ex. 5 (Direct Testimony of Charles B. Maurhoff, Jr.,) ("Maurhoff Direct") at 5-7.

[5] Ex. 1 (Application) at 4-5.

[6] *Id.* at 4.

CVEC proposed revising its Terms and Conditions for Providing Electric Service.[7] These proposed revisions included changes regarding installment deposit payments; use of electric distribution service; extension of facilities; and the budget billing program.[8] CVEC also proposed increasing its meter testing fees from $30 to $60 for single phase meters and from $39 to $90 for poly phase meters.[9]

On September 11, 2018, the Commission entered an Order for Notice and Hearing, which among other things, docketed the Application; established a procedural schedule; directed CVEC to provide notice of its Application to the public; provided interested persons an opportunity to comment on the Application or participate in the proceeding as a respondent scheduled an evidentiary hearing; appointed a Hearing Examiner to conduct all further proceedings in this matter; and allowed CVEC to put its proposed rates into effect on an interim basis and subject to refund effective November 1, 2018.

A notice of participation was filed in this proceeding by Nelson County Cablevision ("Nelson Cable") on August 20, 2018; by the Virginia Press Association ("VPA") on September 26, 2018;[10] and by the Virginia Cable Telecommunications Association ("VCTA") on November 8, 2018. On February 26, 2019, the Staff of the Commission ("Staff") filed testimony describing the results of its investigation of the Application. On March 13, 2019, CVEC filed a letter stating in part that it did not anticipate filing rebuttal testimony. No comments on CVEC's Application were filed in this proceeding.

On March 20, 2019, CVEC, Staff, Nelson Cable and VCTA filed a Joint Motion to Accept Stipulation ("Joint Motion") and an attached Stipulation ("Stipulation"). The proposed Stipulation provided in part that:

(1) CVEC's Application and the prefiled testimony and exhibits of the Cooperative's witnesses Gary M. Wood, Charles Bruce Maurhoff, Jr., Tina Mallia, and J. Steven Shurbutt and Staff witnesses Justin Morgan, Philip Maggi, and Andrew Boehnlein ("Staff's Testimony") shall be made a part of the record without witnesses taking the stand and without cross-examination;

(2) The stipulating parties accept the positions set forth in the Staff's Testimony with the following clarification and modification: Consistent with the Operational Policy filed by CVEC on January 22, 2019, in Case No. PUR-2018-00113,[11] all time spent by CVEC employees working on matters related to Central Virginia Services, Inc. ("CVSI"), will be directly charged to CVSI. The Cooperative will maintain, and make available for Staff's review upon request, detailed records regarding such time charged to CVSI. Based on the foregoing, the Stipulating Parties agree that no specific time study related to time spent on CVSI matters as recommended in the prefiled testimony of Staff witness Morgan is necessary;

(4) The Cooperative's request to increase net revenues by $4,967,015 is reasonable and should be approved. Consistent with the prefiled testimony of Staff witnesses Justin M. Morgan and Phillip G. Maggi, this increase will result in a TIER of 2.36, which is within a reasonable TIER range of 2.0 to 2.5;

(5) The Cooperative's proposed rates and terms and conditions, which were implemented on an interim basis, should be made permanent. No refund of interim rates will be necessary; and

(6) Nelson Cable and the VCTA enter into this Stipulation with the understanding that (a) they may seek access to any Annual Report of Affiliate Transactions, any Annual Financial and Operating Report, or any Annual Financing Plan submitted by the Cooperative to the Staff by submitting a request for such access pursuant to the process for obtaining non-case public documents as described on the Commission's website at http://www.scc.virginia.gov/comm/obtain.aspx, and (b) such access is expected to be granted, after Staff consultation with the Cooperative, regarding overall financial information but with redactions for sensitive confidential material contained within such reports consistent with the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, (see particularly, 5 VAC 5-20-170 on confidential information).

The evidentiary hearing in this matter was convened on March 27, 2019. Counsel for CVEC, Nelson Cable, VCTA, and Staff appeared at the hearing. No public witnesses appeared to testify.

On May 2, 2019, the Report of Alexander F. Skirpan, Jr., Chief Hearing Examiner, ("Report") was filed. In his Report, the Chief Hearing Examiner found that based on the record in this proceeding, the Stipulation is in the public interest, is supported by the record, and should be adopted.[12] Specifically, the Chief Hearing Examiner found that (1) based on the record and Stipulation, CVEC requires $4,967,015 in additional gross annual base rate revenues; (2) the additional revenues will produce a TIER for CVEC of 2.36, which is within a reasonable TIER range of 2.0 to 2.5; (3) CVEC's proposed rates and terms and conditions, which were implemented on an interim basis, should be made permanent; and (4) no refund of interim rates will be necessary.[13] Accordingly, the Chief Hearing Examiner recommended that the Commission adopt the findings of his Report and the Stipulation, grant the Cooperative a general increase in rates as set forth in the Stipulation, and dismiss the case.[14]

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[7] *Id.* at 4-5.

[8] Ex. 1 (Application) at 4-5; Ex. 5 (Maurhoff Direct) at 3-5.

[9] Ex. 1 (Application) at 5 and Schedule 5A (Appendix A, Schedule F-Fees) at 81; Ex. 5 (Maurhoff Direct) at 5.

[10] On November 8, 2018, VPA filed a motion to withdraw its notice of participation, which was granted by a Hearing Examiner's Ruling on November 9, 2018.

[11] *See Application of Central Virginia Elective Cooperative and Central Virginia Services, Inc., For approval of affiliate arrangements,* Case No. PUR-2018-00113, Doc. Con. Cen. No. 180140004, Operational Policy (Jan. 22, 2019).

[12] Report at 25.

[13] *Id.*

[14] *Id.* at 25-26.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the findings and recommendations of the Chief Hearing Examiner should be adopted. We further find that the Stipulation satisfies the statutory requirements attendant to this case, and should be approved. Accordingly, we find that CVEC's proposed rates and terms and conditions, which were placed into effect on an interim basis and subject to refund for service rendered on and after November 1, 2018, should be made permanent.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the May 2, 2019 Report are adopted.

(2) The Joint Motion filed by CVEC, Staff, Nelson Cable, and VCTA is granted, and the Stipulation presented in this case is approved.

(3) CVEC's proposed rates and terms and conditions, which were placed into effect on an interim basis for service rendered on and after November 1, 2018, are made permanent.

(4) Within thirty (30) days of the issuance of this Final Order, the Cooperative shall file revised tariffs, schedules, and terms and conditions of service that reflect the rates and charges approved herein.

(5) This case is dismissed.

CASE NO. PUR-2018-00131
JUNE 12, 2019

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authority to increase rates and to revise the terms and conditions applicable to gas service

FINAL ORDER

On August 28, 2018, Columbia Gas of Virginia, Inc. ("CVA" or "Company") filed an application with the State Corporation Commission ("Commission") 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] requesting authority to increase its rates and charges, and to revise other terms and conditions applicable to gas service ("Application").

On September 14, 2018, the Commission issued an Order for Notice and Hearing ("Procedural Order") that, among other things, docketed the Application; established a procedural schedule, including scheduling a public hearing on the Application; provided an opportunity for interested persons to file comments on the Application or to participate in the proceeding as a respondent; permitted the Company to implement its proposed rates on an interim basis, subject to refund with interest, effective on and after the first billing unit of February 2019; and appointed a Hearing Examiner to conduct all further proceedings on behalf of the Commission.

Virginia Industrial Gas Users' Association ("VIGUA") and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed notices of participation in this proceeding. On February 26, 2019, VIGUA and Consumer Counsel filed testimony in accordance with the Procedural Order. The Commission's Staff ("Staff") filed testimony on March 19, 2019; and CVA filed rebuttal testimony on April 9, 2019. One public comment was filed in this case.[3]

On April 19, 2019, CVA filed a Stipulation and Proposed Recommendation ("Stipulation") with the Commission, which was signed by the Company, Consumer Counsel, VIGUA, and Staff (collectively, "Stipulating Parties"). The Stipulation resolved all of the outstanding issues among the participants in the proceeding and provided, in part: (i) the Company's earned return for the 2017 test period was above the midpoint of the authorized return on equity ("ROE") range of 9.0% to 10.0% established in Case No. PUE-2016-00033,[4] which results in the accelerated write-off of an environmental regulatory asset in the amount of $1.96 million; (ii) the increase in the Company's jurisdictional non-gas base revenue requirement will be $9.5 million, inclusive of $8.2 million for the recovery of certain Steps to Advance Virginia's Energy Plan costs, with the resulting rates shown on Attachment I to the Stipulation and the customer bill impact for an average customer shown on Attachment II to the Stipulation; (iii) the Company agrees to adopt the capital structure and debt costs supported in the testimony of Staff witness Gleason, as set forth in Attachment III of the Stipulation; (iv) for purposes of calculating the revenue requirement in any application or filing, other than an application for a change in base rates, the midpoint (9.7%) of the ROE range of 9.2% to 10.2% will be used; (v) the midpoint of 9.7% will be used in Earnings Test analyses beginning with calendar year 2019; (vi) the Company agrees to return an additional $13,296,637 in regulatory liabilities to customers to reflect the over-collection of income taxes resulting from the federal Tax Cut and Jobs Act of 2017, with such regulatory liabilities being returned through a monthly bill credit over a 12 month period beginning within 90 days of the issuance of this Final Order, and the total credit being allocated proportionally among the rate classes based on base revenue at current rates as shown in Attachment IV of the Stipulation; and (vii) the Company will refund, with interest and pursuant to such terms and conditions as specified by the Commission, the revenues collected under interim rates that are in excess of the level agreed to in the Stipulation.

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[1] Code § 56-232 *et seq*.

[2] 20 VAC 5-201-10 *et seq*.

[3] This comment was dated April 15, 2019, but was not filed with the Clerk of the Commission until April 25, 2019.

[4] *Application of Columbia Gas of Virginia, For a general increase in rates and charges and to revise the terms and conditions applicable to gas service*, Case No. PUE-2016-00033, 2017 S.C.C. Ann. Rept. 330, Final Order (Mar. 17, 2017).

The evidentiary hearing was convened on April 23, 2019.[5] On April 30, 2019, the Report of A. Ann Berkebile, Senior Hearing Examiner ("Report") was issued. In her Report, the Hearing Examiner found that "the Stipulation balances the interests of the consumers and the Company, and is fair, reasonable, and in the public interest."[6] Thus, the Hearing Examiner recommended that the Commission: (i) adopt the Stipulation; (ii) direct CVA to refund with interest the amounts charged to customers in excess of the rates included in the Stipulation; and (iii) dismiss the case.[7]

On June 5, 2019, CVA filed an Unopposed Motion for Leave to Correct Stipulation ("Motion"). In its Motion, CVA states that after the issuance of the Report, the Company discovered an error in Paragraph (7)(a) of the Stipulation.[8] Paragraph (7)(a) of the Stipulation, as filed on April 19, 2019, lists total Company, rather than jurisdictional, amounts for specific categories of excess deferred income taxes associated with the federal Tax Cut and Jobs Act of 2017. In the Motion, the Stipulating Parties seek to revise the Stipulation to reflect the proper jurisdictional amounts of excess deferred income taxes associated with the Tax Cut and Jobs Act ("Revised Paragraph (7)(a)").[9] CVA asserts that the proposed revisions do not have any impact on any of the other numerical figures in the Stipulation, including the provision that the Company will return an additional $13,296,637 in regulatory liabilities to customers to reflect the over-collection of income taxes resulting from the Tax Cut and Jobs Act.[10]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Stipulation, with Revised Paragraph (7)(a), is reasonable and should be adopted.[11]

Accordingly, IT IS ORDERED THAT:

(1) CVA's June 5, 2019 Motion is hereby approved.

(2) The findings and recommendations of the April 30, 2019 Hearing Examiner's Report are hereby adopted.

(3) The Stipulation, with Revised Paragraph (7)(a), is hereby adopted.

(4) The rates and charges approved herein are fixed and substituted for the rates and terms and conditions of service that the Company placed into effect on an interim basis with the first billing unit of February 2019. CVA shall forthwith file revised tariff sheets incorporating the findings herein on rates and charges and terms and conditions of service with the Clerk of the Commission and the Commission's Division of Public Utility Regulation. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case. Refunds of interim rates shall be made as required below.

(5) The Company 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 with the first billing unit of February 2019, 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.

(6) 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, using the average 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.

(7) The refunds ordered herein may be credited to the 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; however, such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to Code § 55-210.6:2.

(8) Within sixty (60) days of completing the refunds ordered herein, the Company shall deliver to the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance a report showing that all refunds have been made pursuant to this Final Order and detailing the costs incurred in effecting such refunds and the accounts charged.

(9) The Company shall bear all costs incurred in effecting the refunds ordered herein.

(10) The Company shall return the $13,296,637 in regulatory liabilities to customers to reflect the over-collection of income taxes resulting from the federal Tax Cut and Jobs Act of 2017. Such regulatory liabilities will be returned through a monthly bill credit over a 12-month period beginning within 90 days of the issuance of this Final Order. The total credit will be allocated proportionally among the rate classes based on base revenue at current rates as shown in Attachment IV of the Stipulation.

(11) This matter is dismissed.

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[5] No public witnesses testified at the hearing. *See* Tr. 5.

[6] Report at 31.

[7] *Id*.

[8] Motion at 2.

[9] *Id*.

[10] *Id*.

[11] The Commission approves the Stipulation as a global settlement of the instant case. Accordingly, our approval of the Stipulation does not represent a finding that the ROE reflected therein fairly represents the actual cost of equity in the marketplace.

CASE NO. PUR-2018-00133
FEBRUARY 8, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval to establish voluntary rate, designated Rider CRC, pursuant to § 56-234 B of the Code of Virginia

FINAL ORDER

On August 15, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Enactment Clause 11 of Senate Bill 966, passed during the 2018 General Assembly Session ("Enactment Clause 11"), § 56-234 B of the Code of Virginia ("Code"), and Rule 80 of the Commission's Rules of Practice and Procedure[1] for approval to establish a voluntary rate, designated Rider CRC, Manufacturing and Commercial Competitiveness Retention Credit Rider ("Rider CRC").[2]

The Company states in its Application that Rider CRC is designed to support economic development in Dominion's service territory by offering a retention credit, in the form of a two percent discount on the total monthly base generation charges, to any eligible retail large general service customers who agree to take Electric Service, including Electricity Supply Service, as those terms are defined in the Company's Terms and Conditions on file with the Commission, exclusively from the Company for a period of at least three years.[3] The Company further states that Enactment Clause 11 directs the Company to offer a retention credit to large manufacturing and commercial customers who are eligible to participate under the terms and conditions proposed in the Application.[4]

According to the Application, to participate in Rider CRC, large general service customers must currently take service pursuant to, or otherwise qualify to take service under: (1) Rate Schedule GS-3, Large General Service – Secondary Voltage; (2) Rate Schedule GS-4, Large General Service – Primary Voltage; or (3) any special rates or contracts approved pursuant to Code § 56-235.2 (each a "Principal Tariff"), subject to the following limitations.[5] The Company states that large general service customers who wish to subscribe to Rider CRC must not be receiving service from the Company under any experimental or pilot program tariff rate schedule, tariff rate schedule for market-based rates, tariff rate schedule to purchase 100% renewable energy, or companion tariff rate schedule, such as Rate Schedule MBR – GS-3, Large General Service – Secondary Voltage (Experimental), Rate Schedule MBR – GS-4, Large General Service – Primary Voltage (Experimental), or Schedule RF.[6]

The Company states that, to qualify for Rider CRC, an eligible large general service customer account[7] ("Qualifying Account") must have, during the most recent calendar year, established a peak measured average 30-minute demand greater than 500 kilowatts, which did not exceed one percent of the Company's peak load during the most recent calendar year, unless the customer had a non-coincident peak demand in excess of 90 megawatts in calendar year 2006 or any calendar year thereafter.[8] The Company further states that a large general service customer wishing to participate in Rider CRC would be required to execute an Agreement for Electric Service ("ESA") with the Company for each Qualifying Account that memorializes the customer's election to volunteer for Rider CRC.[9] The initial term of each ESA would be separately negotiated with each participating large general service customer; however, the initial term would be for a period of at least three years ("Initial Term").[10] Following the expiration of the Initial Term, the ESA would automatically renew annually for additional one-year terms (each subsequent term referred to as a "Renewal Term"), unless and until the ESA is cancelled by written notice by either party at least 60 days prior to the expiration of the Initial Term or Renewal Term, as applicable.[11]

Once an ESA has been executed, the Company would make service under Rider CRC effective on the first day of the billing month immediately following the last regular meter reading date for each Qualifying Account.[12] The two percent reduction in the total monthly base generation charges (billed by the Company to the Qualifying Account pursuant to the large general service customer's existing Principal Tariff) would appear as a separate line item on the participating customer's billing statement.[13]

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[1] 5 VAC 5-20-10 *et seq*.

[2] Application at 1.

[3] *Id.* at 2-3.

[4] *Id.* at 3.

[5] *Id.* at 3-4.

[6] *Id.* at 5.

[7] The Company's proposed Rider CRC tariff defines "Account" as "the Customer's Company-assigned electric service account number (as may be superseded) associated with the Customer's service location." *See* Application, Attachment 1.

[8] Application at 3-4.

[9] *Id.* at 4.

[10] *Id.*

[11] *Id.* at 4, 6.

[12] *Id.* at 5.

[13] *Id.* at 5, 6.

The Company proposes to make Rider CRC effective for usage on and after the first day of the month that is at least 60 days following the date of the Commission's Final Order in this proceeding.[14] The Company also proposes to make annual reports to the Commission if Rider CRC is approved.[15]

On August 30, 2018, the Commission issued an Order for Notice and Comment in this proceeding that directed Dominion to provide public notice of its Application and invited interested persons to file comments or a notice of participation or request a hearing on the Company's Application. The Commission also directed the Staff of the Commission ("Staff") to investigate the Application and file a report containing Staff's findings and recommendations ("Report" or "Staff Report").

On September 10, 2018, Direct Energy Services, LLC ("Direct Energy") filed a Notice of Participation. On September 14, 2018, Calpine Energy Solutions filed a Notice of Participation. On September 21, 2018, MP2 Energy NE LLC ("MP2") filed a Notice of Participation. No requests for hearing were filed.

On October 12, 2018, Direct Energy and MP2 filed comments on the Application. In its comments, Direct Energy asks the Commission to (1) reject the automatic renewal provision in Rider CRC; (2) require Dominion to submit annual reports detailing the level of participation and amount of discounts awarded under Rider CRC; and (3) require Dominion to efficiently deploy any costs of promoting Rider CRC to customers.[16]

In support of its first request, Direct Energy notes that Enactment Clause 11 does not require automatic renewal of the ESA after the initial three-year term.[17] Direct Energy further states that there is no risk to the parties to an ESA if either terminates the agreement without advance notice, as both parties would be in the same position they were in before they entered into the ESA.[18] Direct Energy also asserts that the automatic renewal provision could unnecessarily restrict Rider CRC participants from exercising their right to switch to a competitive service provider following the initial term of the ESA, and/or the automatic renewal provision could result in higher cost increases for non-participating customers.[19]

Direct Energy also requests that the Commission direct Dominion to include the following information in annual reports to the Commission: the number of customers participating in Rider CRC, by rate schedule; the combined load of the participating customers; the total dollar amount of discounts awarded; marketing costs attributed to Rider CRC; and any other information the Commission deems relevant.[20] Lastly, Direct Energy requests that the Commission direct Dominion to efficiently deploy any costs related to the promotion of Rider CRC, to protect non-participating customers.[21]

In its comments, MP2 asks the Commission to closely examine the reasonableness of the proposed Rider CRC, including (1) the cost impact of proposed Rider CRC on non-participating customers; (2) the proposed roll-out of Rider CRC; (3) the reasonableness of the proposed terms and conditions of Rider CRC; and (4) the appropriateness of any marketing materials.[22] MP2 also urges the Commission to evaluate whether the Application "complies with all requirements for approval of voluntary and special rates found in Sections 56-234 B and 56-235.2 of the Code of Virginia."[23]

MP2 states that Dominion estimates that approximately 2,594 customers would be eligible to participate in Rider CRC, and if all eligible customers participated in Rider CRC, the combined value of the two percent discount would be approximately $10 million annually.[24] MP2 further asserts that any marketing materials should clearly explain that participating Rider CRC customers would be unable to take advantage of "potential energy cost savings" during the contract term.[25] MP2 also asks the Commission to "carefully scrutinize" the proposed automatic renewal provision in the ESA.[26] MP2 also asserts that the timing and proposed rollout of Rider CRC is unclear, and it is unclear whether customers may get a prorated discount for a shorter contract term.[27]

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[14] *Id.* at 7.

[15] *Id.*

[16] Direct Energy Comments at 2.

[17] *Id.*

[18] *Id.* at 2-3.

[19] *Id.* at 3-4.

[20] *Id.* at 4.

[21] *Id.* at 5.

[22] MP2 Comments at 2.

[23] *Id.* at 2. Dominion filed the Application pursuant to Code § 56-234 B, which governs applications for "voluntary rate[s] or rate design tests or experiments, or other experiments involving the use of special rates…" MP2 asserts that Dominion should also be required to address the public interest criteria for special rates and contracts with individual customers or classes of customers in Code § 56-235.2. *Id.* at 3-5.

[24] *Id.* at 2.

[25] *Id.* at 2-3.

[26] *Id.* at 3.

[27] *Id.*

On December 21, 2018, the Staff filed its Report in this proceeding. The Staff Report includes a list provided by the Company of tariff rate schedules and riders whose customers would be ineligible for Rider CRC.[28] Staff recommends that the proposed Rider CRC tariff explicitly identify such rate schedules and/or riders.[29]

The Staff Report also notes that Rider CRC would result in reduced base generation revenue, all else being equal, which would result in lower earned returns when Dominion's base rates are examined in future triennial review proceedings.[30] Staff notes further that such lower returns could result in (1) lower refunds or customer credit reinvestment offsets,[31] and/or (2) higher rates than would otherwise be necessary if base rates are increased or decreased prospectively as a result of a triennial review.[32]

Lastly, Staff estimates that if all eligible customers participate in Rider CRC, approximately $6.99 million of the annual revenue reduction would be shifted to the residential class, which would increase the bill of a typical residential customer using 1,000 kilowatt-hours per month by $3.22 annually.[33] Other than Staff's recommendation that the Rider CRC tariff include a list of tariff rate schedules and riders whose customers would be ineligible for Rider CRC, Staff takes no position on the Application.[34]

On January 11, 2019, the Company filed its response ("Response") to the Staff Report and the comments filed by MP2 and Direct Energy. The Company's Response notes that Staff and the respondents have not stated that they oppose the Company's proposed Rider CRC.[35] In response to the Staff Report, the Company states that Staff's recommendation, as described above, should be rejected because new tariff rate schedules are routinely approved, and established and existing rate schedules are routinely modified and/or closed. Accordingly, the Company states that the list of rate schedules whose participating customers would be ineligible for Rider CRC would not be static and to require the Company to modify Rider CRC any time that list changes "would be administratively burdensome for both the Company and the Commission…"[36] The Company also asserts that such a requirement is not needed because such tariff rate schedules are identified in concept in Enactment Clause 11 and proposed Rider CRC, and any customers who might be eligible to participate in Rider CRC are "generally savvy" about the language used in Enactment Clause 11 and in the Rider CRC tariff itself.[37]

The Company also disagrees with Staff's projected bill impact analysis. The Company states that the $9,713,286.50 figure provided in discovery assumes that every single customer who is eligible to participate in Rider CRC will actually participate, which the Company asserts is "highly unlikely."[38] The Company further states that any revenue impact will be allocated across all classes in a manner determined in a future proceeding, and "Staff's example inaccurately uses a customer count to calculate the impact to the residential class."[39] The Company also asserts that Staff's analysis is "unduly speculative" because any class impacts will depend on various factors, which would need to be evaluated in a future regulatory proceeding.[40]

In response to Direct Energy's comments, the Company states that it does not oppose Direct Energy's request regarding the filing of annual reports as it is consistent with what the Company proposed in the Application.[41] In response to Direct Energy's request that the Commission require the Company to efficiently deploy any costs of promoting Rider CRC, the Company states that it does not plan to conduct any formal marketing activities; rather, customers will be made aware of Rider CRC on a one-on-one basis through existing relationships in the Company's Key Accounts team.[42] The Company objects to Direct Energy's and MP2's request that the Commission reject the provision in Rider CRC requiring automatic renewals, noting that this is a standard provision primarily designed with customer convenience in mind, the proposed Rider CRC permits customers to cancel their participation with 60 days' advance notice, and "rejecting the automatic renewal provision would likely lead to an increase in the costs of administering the program[.]"[43]

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[28] Staff Report at 3-4.

[29] *Id.* at 4.

[30] *Id.* at 6.

[31] *See* Code § 56-585.1 A 8 d.

[32] Staff Report at 6.

[33] *Id.* at 6-7.

[34] *Id.* at 7.

[35] Response at 1.

[36] *Id.* at 5.

[37] *Id.*

[38] *Id.* at 6.

[39] *Id.* at 7.

[40] *Id.*

[41] *Id.* at 8.

[42] *Id.*

[43] *Id.* at 8-9.

In response to MP2's request that the Commission closely examine the reasonableness of proposed Rider CRC, the Company states that all of the substantive terms and conditions associated within the proposed Rider CRC are specified in Enactment Clause 11.[44] With regard to MP2's recommendation that the Commission closely examine the cost impact on non-participating customers, the Company notes that when customers take energy supply from competitive service providers, those customers' share of the cost of generation is reallocated to non-choice-eligible customers.[45] Accordingly, the Company states that Rider CRC will enable the Company to continue to serve choice-eligible customers "in a just and reasonable manner," preventing the direct reallocation of generation costs to non-participants, which the Company asserts is in the public interest.[46]

In response to MP2's concerns about the timing and proposed rollout of Rider CRC and whether customers would receive a prorated discount for a shorter contract term, the Company states that the "Application and Enactment Clause 11 clearly explain that the Rider CRC Discount is a flat two percent discount that is applied uniformly to the bills of all participating customers regardless of when they subscribe to the program, or for how long."[47] The Company states further that because service under Rider CRC would be effective on the first day of the billing month immediately following the last regular meter reading date for each Qualifying Account, and each ESA must be for an initial term of at least three years, there is no provision that would permit a prorated discount for a shorter contract term.[48]

Lastly, in response to MP2's assertion that Dominion should be required to address the public interest criteria for special rates and contracts with individual customers or classes of customers in Code § 56-235.2, the Company states that Rider CRC is not a special rate contract, and the Application was not filed under Code § 56-235.2.[49] The Company states further that, unlike special rate contracts that are generally offered to a single customer whose needs cannot be met by existing tariffs, "Rider CRC is a voluntary rider to an approved embedded cost-based tariff that is available to all eligible non-residential retail large general service customers…"[50]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Application shall be approved pursuant to Enactment Clause 11.

Enactment Clause 11 states:

> That any individual nonresidential retail customer of a Phase II Utility, as defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, whose single account demand during the most recent calendar year exceeded 500 kilowatts but did not exceed one percent of the Phase II Utility's peak load during the most recent calendar year, unless such customer had noncoincident peak demand in excess of 90 megawatts in calendar year 2006 or any year thereafter, and that is currently taking service from the Phase II Utility pursuant to an approved tariff rate schedule applicable to large general service customers, not to include any customer taking service under any experimental or pilot program tariff rate schedule, tariff rate schedule for market-based rates, tariff rate schedule to purchase 100 percent renewable energy pursuant to subdivision A 5 of § 56-577 of the Code of Virginia, or companion tariff rate schedule, that enters into an exclusive supply agreement with the Phase II Utility whereby the customer agrees to purchase electric energy exclusively from the Phase II Utility serving the exclusive service territory in which such retail customer is located for a period of three years or more shall be eligible for a Manufacturing and Commercial Competitiveness Retention Credit during the duration of such exclusive supply agreement, which shall reduce the base generation charges under the customer's existing approved tariff rate by a total of two percent.

The Commission finds that Rider CRC complies with the requirements of Enactment Clause 11, and that the terms and conditions approved herein (and as further discussed below) are reasonable for purposes of implementing the same.

The Commission further finds, however, that Rider CRC does not fall within the Commission's discretionary authority under Code §§ 56-234 B or 56-235.2.[51] The rate discount provisions of Rider CRC have been expressly mandated by the General Assembly (*i.e.*, Enactment Clause 11). Conversely, the Commission may only approve voluntary or special rates under Code § 56-234 B if we find that such are "necessary in order to acquire information which is or may be in furtherance of the public interest." Similarly, the Commission may only approve special rates under Code § 56-235.2 if we find that "such measures are in the public interest." In the instant proceeding, the Commission has no discretion to reject a rate that conforms with Enactment Clause 11 as not in the "public interest" under the requirements of Code §§ 56-234 B or 56-235.2. That is, the Commission has the discretion to approve reasonable terms and conditions to implement the unambiguous plain language of Enactment Clause 11, but we do not have the authority to reject the provisions of Rider CRC that comply with that legislative directive.

In this regard, we find that Rider CRC, as proposed, complies with the criteria set forth in Enactment Clause 11 for eligible non-residential retail large general service customers to receive a Manufacturing and Commercial Competitiveness Retention Credit. Consistent with Enactment Clause 11, Rider CRC applies only to non-residential customers who meet the demand requirements and limitations and is not available to customers "taking service under any experimental or pilot program tariff rate schedule, tariff rate schedule for market-based rates, tariff rate schedule to purchase 100 percent renewable

[44] *Id.* at 9.

[45] *Id.* at 10.

[46] *Id.*

[47] *Id.* at 10-11.

[48] *Id.* at 11.

[49] *Id.*

[50] *Id.*

[51] Accordingly, the six-month time period in Code § 56-234 B does not apply to the instant proceeding.

energy pursuant to subdivision A 5 of § 56-577 of the Code of Virginia, or companion tariff rate schedule." Also consistent with Enactment Clause 11, Rider CRC requires participating customers to agree to purchase electric energy exclusively from Dominion for a period of three years or more, and such customers' base generation charges under the customers' existing approved tariff rate will be reduced by a total of two percent.

We also find that the Company's proposed automatic renewal provision in the ESA is reasonable, and we note the Company's concerns that rejecting the automatic renewal provision could lead to an increase in the costs of administering the program. Moreover, prior to executing an ESA for an initial term of three years, in exchange for a two percent discount on the base generation charges under the customer's existing tariffs, a customer will have the opportunity to review, and seek clarification of, the terms and conditions of Rider CRC, including the requirement that the customer provide 60 days' advance notice of termination prior to expiration of the ESA's term.

With regard to Staff's recommendation that Rider CRC include a list of tariff rate schedules and riders whose customers would be ineligible for Rider CRC, we find that, for the reasons stated in the Company's Response, it is not necessary to require that Rider CRC include such a list as a condition of approval of Rider CRC. We further find that the remaining proposals of Direct Energy and MP2, other than recommended reporting requirements, which are discussed separately below, are not necessary conditions for approval of the Application.

As stated previously, the Company proposed in its Application to make annual reports to the Commission about Rider CRC. We adopt the recommendation of Direct Energy that such annual reports include, at a minimum, the following information: the number of customers participating in Rider CRC, by rate schedule; the combined load of the participating customers; the total dollar amount of discounts awarded; and marketing costs attributed to Rider CRC, if any.

Accordingly, IT IS ORDERED THAT:

(1) Rider CRC is approved subject to the provisions set forth herein, effective for usage on and after the first day of the month that is at least sixty (60) calendar days following the date of this Order.

(2) No determination as to the rate impact of Rider CRC is being made in this proceeding. The Company shall file an annual report, on or before May 1, 2020, and May 1 of each year thereafter, detailing the number of customers participating in Rider CRC, by rate schedule; the combined load of the participating customers; the total dollar amount of discounts awarded; and marketing costs attributed to Rider CRC, if any.

(3) The Company forthwith shall file a revised Rider CRC with the Clerk of the Commission and with the Commission's Division of Public Utility Regulation, in accordance with this Final Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(4) This case is dismissed.

CASE NO. PUR-2018-00134
JUNE 11, 2019

APPALACHIAN POWER COMPANY,
Petitioner,
v.
COLLEGIATE CLEAN ENERGY, LLC,
Respondent

FINAL ORDER

On August 9, 2018, Appalachian Power Company ("Appalachian") filed a complaint ("Petition") with the State Corporation Commission ("Commission") against Collegiate Clean Energy, LLC ("Collegiate") pursuant to 20 VAC 5-312-10 *et seq.* ("Retail Access Rules"), requesting that the Commission suspend or revoke the license of Collegiate to conduct business as a competitive service provider ("CSP"). Appalachian asserts that it is an interested party as set out in Rule 20 VAC 5-312-40 of the Retail Access Rules.[1]

In its Petition, Appalachian states that Collegiate is a CSP licensed to provide service in Appalachian's Virginia service territory.[2] In support of Appalachian's requested license suspension or revocation, Appalachian asserts that Collegiate is in violation of, among other things, the Retail Access Rules.

On August 22, 2018, the Commission issued an Order Appointing Hearing Examiner, which assigned a Hearing Examiner to conduct all further proceedings in this matter.

On February 5, 2019, the Hearing Examiner convened an evidentiary hearing for receipt of evidence on the Petition. Appalachian, Collegiate and Staff participated in the hearing. Post-hearing briefs were subsequently filed by Appalachian, Collegiate and Staff.

On April 15, 2019, the Hearing Examiner issued a Report in this matter, which summarized the record and made findings and recommendations ("Hearing Examiner's Report" or "Report"). The Report contained the following specific findings and recommendations:

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[1] Petition at 2.

[2] *Id. Application of Collegiate Clean Energy, LLC, For a license to conduct business as a competitive service provider for electricity in the Commonwealth of Virginia*, Case No. PUE-2012-00102, 2012 S.C.C. Ann. Rept. 507 (Oct. 19, 2012) ("*License Order*").

1. APCo failed to establish a reasonable basis for the Commission's adoption of a renewable capacity requirement under [Code § 56-585.1 A 5 "Section A 5"] based upon PJM wholesale reliability requirements and the [PJM Reliability Assurance Agreement ("RAA")];

2. Appalachian failed to prove Collegiate violated the terms of the *License Order* as a potential justification for the Commission's suspension or revocation of [Collegiate's] CSP license pursuant to Rule 40 F of the Retail Access Rules;

3. APCo's Petition should be denied;

4. In the alternative, if the Commission concludes that [Collegiate's] duty to provide electric energy "provided 100 percent from renewable energy" under Section A 5 requires Collegiate to self-supply PJM's capacity requirements with 100% renewable resources, the Commission should implement such renewable capacity requirement on a going-forward basis only; and

5. The Commission should not require Appalachian to implement formal dispute resolution procedures.

In accordance with these findings and recommendations, the Report recommended that the Commission enter an order that adopts the findings and recommendations of the Report and dismisses the Petition from the Commission's docket of active cases.

On May 6, 2019, Appalachian and Collegiate each filed comments on the Hearing Examiner's Report ("Appalachian's Comments" and "Collegiate's Comments," respectively). Underscoring Collegiate's assertion that it acted in good faith, Collegiate's Comments supported Recommendations 1, 2, and 3 of the Report, and urged the Commission to adopt these in their entirety.[3] Collegiate requested that if the Commission adopts Recommendation 4 of the Report, that such standard be implemented on a going-forward basis and that the Commission also adopt Recommendations 2 and 3 of the Report.[4] Collegiate opposes Recommendation 5 of the Report, and requests the Commission require Appalachian to adopt formal dispute resolution processes.[5]

Appalachian's Comments request the Commission find that Collegiate is impermissibly providing non-renewable capacity to serve its customers and on that basis, suspend or revoke Collegiate's CSP license.[6] Among other things, Appalachian acknowledges that the term "renewable capacity" does not explicitly appear in Section A 5 and acknowledges that the Commission is not bound by PJM capacity requirements when interpreting Section A 5.[7]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that, based on the facts and circumstances of this case, Collegiate's CSP license should not be suspended or revoked at this time, and the Petition is denied.[8]

Collegiate is a CSP that offers to sell to its customers electric energy provided 100% from renewable energy pursuant to Code 8§ 56-576 and Section A 5.[9] As articulated by the Hearing Examiner, "Appalachian contends Collegiate is not complying with Section A 5 because it is not meeting the needs of its customers with both renewable electrons and renewable capacity."[10] Specifically, Appalachian asserts that Collegiate did not self-supply 100% renewable capacity to its customers for the 2018/2019 PJM delivery year, based on PJM reliability requirements, and was required to make certain payments to Appalachian for replacement capacity that was not 100% renewable.[11] While Appalachian does not assert that Collegiate violated PJM reliability requirements or the RAA, Appalachian does assert that Collegiate violated Section A 5's requirement that CSPs provide "electric energy provided 100 percent from renewable energy" to customers.[12]

Code § 56-576 defines renewable energy as follows:

> "Renewable energy" means energy derived from sunlight, wind, falling water, biomass, sustainable or otherwise, (the definitions of which shall be liberally construed), energy from waste, landfill gas, municipal solid waste, wave motion, tides, and geothermal power, and does not include energy derived from coal, oil, natural gas, or nuclear power. Renewable energy shall also include the proportion of the thermal or electric energy from a facility that results from the co-firing of biomass.

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[3] Collegiate's Comments at 2.

[4] *Id.*

[5] *Id.*

[6] Appalachian's Comments at 2.

[7] *Id.* at 4.

[8] Having done so, Recommendation 4, above, is now moot.

[9] *See e.g.*, Petition at 2; Collegiate Answer at 5.

[10] *See, e.g.,* Report at 15.

[11] *See, e.g., id*. at 2-5.

[12] *See, e.g., id*.

Code § 56-577(A)(5) states as follows:

> After the expiration or termination of capped rates, individual retail customers of electric energy within the Commonwealth, regardless of customer class, shall be permitted:
>
> a. To purchase electric energy provided 100 percent from renewable energy from any supplier of electric energy licensed to sell retail electric energy within the Commonwealth, other than any incumbent electric utility that is not the incumbent electric utility serving the exclusive service territory in which such a customer is located, if the incumbent electric utility serving the exclusive service territory does not offer an approved tariff for electric energy provided 100 percent from renewable energy; and
>
> b. To continue purchasing renewable energy pursuant to the terms of a power purchase agreement in effect on the date there is filed with the Commission a tariff for the incumbent electric utility that serves the exclusive service territory in which the customer is located to offer electric energy provided 100 percent from renewable energy, for the duration of such agreement.

The Commission's Retail Access Rules include a provision that states:

> A competitive service provider selling electricity supply service or natural gas supply service, or both, at retail shall . . . [p]rocure sufficient electric generation and transmission service or sufficient natural gas supply and delivery capability, or both, to serve the requirements of its firm customers.[13]

The Commission has previously recognized that "[f]or purposes of implementing retail choice under Code § 56-577, the Commission exercises a legislative function delegated to it by the General Assembly."[14] As explained by the Supreme Court of Virginia, "[w]hen a statute delegates such authority to the Commission, we presume that any limitation on the Commission's discretionary authority by the General Assembly will be clearly expressed in the language of the statute."[15] In this instance, the term "renewable capacity" is not specifically defined or mentioned in Code § 56-576, Section A 5 or the Retail Access Rules.[16] Thus, the extent of the capacity obligation attendant to Section A 5 is within the Commission's discretion to decide. The Commission finds that based on the facts and circumstances presented in this case, Appalachian has not established that Collegiate violated Section A 5 or the Retail Access Rules. The Commission also finds that Appalachian has not established that the adoption of a renewable capacity standard based on PJM's wholesale reliability requirements is reasonable in this case.

In reaching this decision, the Commission considered the entire record in this case and weighed the evidence. The Commission finds particularly persuasive in reaching its decision that there is no assertion that Collegiate has actually violated PJM reliability requirements[17] and that Collegiate was capable of curing the capacity deficiency with renewable-backed capacity.[18] Further in this regard, the Commission does not find it necessary at this time to adopt a specific renewable capacity standard to be applicable to CSPs providing competitive service under Section A 5.

Finally, the Commission notes that it recently approved a tariff proposed by Appalachian, designated Rider WWS, pursuant to which participating customers are able to purchase "electric energy provided 100 percent from renewable energy" pursuant to Section A 5.[19] In approving Rider WWS, the Commission found that Appalachian's proposed tariff satisfied the requirement in Section A 5 to supply "electric energy provided 100 percent from renewable energy," because Appalachian would: (1) supply the customer's full load requirements with 100 percent "renewable energy" as defined by Code § 56-576, quoted above; and (2) match renewable generation with a participating customer's load on a *monthly* basis.[20] For purposes of implementing Section A 5, the Commission finds that it is reasonable to apply similar standards to both utilities and CSPs. In this regard, we further find that Collegiate is meeting or exceeding the standard applied to Rider WWS, to the extent that Collegiate is: (1) providing "renewable energy" as defined by statute; and (2) matching renewable generation with customer load on an *hourly* basis.[21]

Accordingly, IT IS SO ORDERED, and this case is dismissed.

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[13] 20 VAC 5-312-20 F.

[14] *Appalachian Power Company v. Collegiate Clean Energy, LLC,* Case No. PUR-2018-00039, Doc. Con. Cen. No. 180920362, Final Order at 4 (Sept. 21, 2018).

[15] *City of Alexandria v. State Corp. Comm'n*, 2018 WL 4140586, at *9 (2018) (quoting *Virginia Elec. & Power Co. v. State Corp. Comm'n*, 284 Va. 726, 741 (2012)).

[16] *See* Report at 15.

[17] *See, e.g., id*. at 3-4.

[18] *See, e.g., id*. at 5.

[19] *Application of Appalachian Power Company, For approval of a 100% renewable energy rider pursuant to § 56-577 A 5 of the Code of Virginia*, Case No. PUR-2017-00179, Order Approving Tariff (Jan. 7, 2019).

[20] *Id*. at 5-6.

[21] *See, e.g.,* Report at 6-8, 14-16.

CASE NO. PUR-2018-00136
FEBRUARY 4, 2019

APPLICATION OF
TENEBRIS FIBER, LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On August 14, 2018, Tenebris Fiber LLC ("Tenebris" or "Company") filed 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 ("Application").

On September 7, 2018, the Commission issued an Order for Notice and Comment ("Scheduling Order") that, among other things, directed Tenebris to provide notice to the public of its Application and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Report").

On October 31, 2018, the Company filed a Motion to Extend Deadlines, requesting the Commission extend the procedural dates in the Scheduling Order to enable it to complete the publication of notice required therein. The Commission issued its Order Granting Motion on November 7, 2018. Tenebris subsequently completed publication of notice to the public and filed proof of same on December 20, 2018.

On January 16, 2019, Staff filed its Report concluding that the Company's Application complied with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("Local Rules"), 20 VAC 5-417-10 *et seq*. Based upon its review of the Company's Application, Staff determined that it would be appropriate to grant a Certificate to Tenebris subject to the following condition: Tenebris should notify the Division of Public Utility Regulation 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 this matter, is of the opinion and finds that it should grant a Certificate to Tenebris.

Accordingly, IT IS ORDERED THAT:

(1) Tenebris hereby is granted Certificate No. T-761 to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, Code § 56-265.4:4, and the provisions of this Final Order.

(2) Prior to providing telecommunications services pursuant to the Certificate granted by this Final Order, the Company shall provide tariffs to the Division of Public Utility Regulation that conform to all applicable Commission rules and regulations. If Tenebris elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Local Rule 20 VAC 5-417-50 A.

(3) Tenebris shall notify the Division of Public Utility Regulation no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(4) This case is dismissed.

CASE NO. PUR-2018-00139
APRIL 23, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric facilities: Fudge-Hollow-Low Moor Line #112 and East Mill-Low Moor Line #161 138 kV Transmission Line Partial Rebuild

FINAL ORDER

On August 27, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application for approval and for a certificate of public convenience and necessity ("CPCN") to construct and operate electric transmission facilities in Alleghany County, Virginia, and the City of Covington, Virginia ("Application"). Dominion filed the Application pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq*.

Dominion proposes to: (i) rebuild, entirely within existing transmission right-of-way ("ROW"), Virginia Department of Transportation ROW, or on Company-owned property, approximately 1.4 miles of the existing 138 kilovolt ("kV") overhead transmission Lines #112 and #161, which are collocated primarily on steel towers running from the Company's existing Fudge Hollow Station to the existing Covington Substation; (ii) rebuild three existing structures between Covington Substation and the Line #112 and #161 Junction, entirely within existing ROW; (iii) rebuild, entirely within existing ROW, approximately 3.9 miles of the existing 138 kV overhead transmission Line #112 on steel towers running from the Line #112 and #161 Junction to the Line #112 and #133 Junction; (iv) replace existing shield wire within the entire existing 7.3-mile 138 kV overhead transmission corridor between the Company's existing Fudge Hollow and Low Moor Substations, which contains Line #112 and segments of Line #161 and Line #133, with one fiber optic shield wire, which will facilitate Company network telecommunications between Fudge Hollow Substation and Low Moor Substation; and (v) perform minor work at the existing Fudge Hollow, Covington, and Low Moor Substations, including conductor and connector replacement (collectively, the "Rebuild Project").[1]

On September 27, 2018, the Commission issued its Order for Notice and Hearing ("Procedural Order"), which, among other things, directed the Company to provide notice of its Application to interested persons and the public; provided interested persons the opportunity to comment on the Application or to participate as a respondent in this proceeding; directed the Commission's Staff ("Staff") to investigate the Application and to file testimony and exhibits containing Staff's findings and recommendations; scheduled a hearing to receive public witness testimony and other evidence on the Application; and assigned a Hearing Examiner to conduct further proceedings in this matter.

On October 3, 2018, the Old Dominion Electric Cooperative ("ODEC") filed a notice of participation in this proceeding.

As noted in the Procedural Order, Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the Rebuild Project by the appropriate agencies and to provide a report on the review. On November 7, 2018, DEQ filed its report ("DEQ Report"),[2] which included a Wetlands Impact Consultation prepared by DEQ. The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Findings and Recommendations regarding the Rebuild Project. According to the DEQ Report, the Company should:

- Conduct an on-site delineation of wetlands and streams within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams . . . .
- Take all reasonable precautions to limit emissions of oxides of nitrogen and volatile organic compounds, principally by controlling or limiting the burning of fossil fuels . . . .
- Evaluate the identified Pollution Complaint case to establish the exact location, nature and extent of the petroleum release and the potential to impact the [Rebuild Project] . . . .
- 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 . . . .
- Conduct a survey for the Kankakee mallow in the project area to determine its presence and, if necessary, develop specific recommendations for minimizing impacts to the resource . . . .
- Coordinate with the Department of Conservation and Recreation ["DCR"] if karst features such as sinkholes, caves, disappearing streams, and large springs are encountered during the project . . . .
- Develop an invasive species plan as a part of maintenance practices for the project right-of-way . . . .
- Coordinate with the [DCR] for updates to the Biotics Data System database (if the scope of the project changes or six months passes before the project is implemented) . . . .
- Develop a Conservation Plan for the state-listed endangered [l]ittle brown bat, if authorization from the Department of Game and Inland Fisheries for an incidental take is desired . . . .
- Coordinate with the Department of Game and Inland Fisheries regarding its general recommendations to protect wildlife resources . . . .
- Coordinate with the Virginia Outdoors Foundation regarding its recommendation on the use of weathering steel monopole structures in the portion of the rebuild in the City of Covington . . . .
- Follow the principles and practices of pollution prevention to the extent Practicable . . . .
- Limit the use of pesticides and herbicides to the extent practicable . . . .[3]

On January 23, 2019, Staff filed its testimony and an attached Staff Report summarizing the results of its investigation of Dominion's Application. Staff concluded that Dominion has reasonably demonstrated that rebuilding portions of its existing 138 kV Fudge Hollow-Low Moor Line #112 and East Mill-Low Moor Line #161 as proposed is necessary to continue providing reliable electric transmission service in the area.[4]

On February 4, 2019, Dominion filed rebuttal testimony, which discussed several recommendations included in the DEQ Report.

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[1] Ex. 2 (Application) at 2-3.

[2] Ex. 9 (DEQ Report).

[3] *Id.* at 6-7.

[4] Ex. 8 (Staff Report) at 17.

On February 12, 2019, a hearing convened in which Dominion and Staff introduced evidence into the record. ODEC did not participate in the hearing. No public witnesses testified at the hearing.[5]

The Report of Mary Beth Adams, Hearing Examiner ("Report") was entered on March 18, 2019. In her Report, the Hearing Examiner found that:

1. The Rebuild Project is justified by the public convenience and necessity;

2. The Rebuild Project would support economic development;

3. The Rebuild Project would reasonably minimize adverse impact on the scenic assets, historic districts, and environment of the area concerned;

4. The Rebuild Project would maximize the use of existing ROW;

5. The unopposed recommendations in the DEQ Report should be adopted by the Commission as conditions of approval;

6. The DCR recommendations in the DEQ Report regarding the Kankakee mallow and an Invasive Species Plan should be rejected;

7. The VOF recommendations in the DEQ Report pertaining to structure height and finish should be rejected;

8. Dominion should be required to consult with DCR regarding updates to the Biotics Data System only if (a) the scope of the Rebuild Project involves material changes, or (b) 12 months from the date of the Commission's Final Order in this proceeding pass before construction of the Rebuild Project commences; and

9. The Company should be required to obtain all necessary environmental permits and approvals that are needed to construct and operate the Rebuild Project.[6]

On March 29, 2018, Dominion filed comments on the Report. Dominion stated that it agrees with the recommendations contained in the Report and requests that the Commission issue a final order approving the Company's Application.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the Rebuild Project. The Commission finds that a CPCN authorizing the Rebuild Project should be issued subject to certain findings and conditions contained herein.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

> Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact . . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted . . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing ROW easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

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[5] Tr. 4.

[6] Report at 21.

Public Convenience and Necessity

The Commission finds that the Company's proposed Rebuild Project is needed. As found by the Hearing Examiner, the Rebuild Project is necessary to replace aging infrastructure thereby enabling the Company to maintain the overall long-term reliability of its transmission system.[7]

Economic Development

The Commission finds that the evidence in this case demonstrates that the Rebuild Project will facilitate economic growth in the Commonwealth by continuing to provide reliable electric service in the Rebuild Project area.[8]

Rights-of-Way and Routing

Dominion has adequately considered existing ROW. The Rebuild Project, as proposed, would be constructed on existing ROW already owned and maintained by the Company.[9]

Scenic Assets and Historic Districts

As noted above, the Rebuild Project would be constructed on existing ROW already owned and maintained by Dominion. The Commission finds that use of the existing route would minimize adverse impacts on scenic assets and historic districts in the Commonwealth of Virginia as required by § 56-46.1 B of the Code.[10]

Environmental Impact

Pursuant to § 56-46.1 A and B of the Code, the Commission is required to consider the Rebuild Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive and give consideration to all reports that relate to the Rebuild Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the Rebuild Project. This finding is supported by the DEQ Report, as nothing therein suggests that the Rebuild Project should not be constructed.

However, there are recommendations included in the DEQ Report for the Commission's consideration.[11] The Company filed testimony opposing several of these recommendations. The first contested issue concerns DEQ's recommendation that the Company survey for the Kankakee mallow in the project area and develop recommendations for minimizing the impact thereto.[12] The Company states that the Kankakee mallow is not a threatened or endangered species protected under the Endangered Species Act.[13] Further, the Company agrees to provide its construction team with information regarding the Kankakee mallow prior to construction activity and agrees to coordinate with DCR should the species be found within the Rebuild Project area.[14] The Commission finds that the Company shall educate its construction personnel regarding the Kankakee mallow and shall coordinate with DCR should the species be found within the Rebuild Project area.

Next, DCR recommends the development and implementation of an invasive species plan to be included as part of the maintenance practices for the ROW.[15] DCR suggests that the ROW restoration and maintenance practices include revegetation using native species, robust monitoring, and an adaptive management plan.[16] Dominion states that it already has a robust Integrated Vegetation Management Plan in place that uses mechanical, chemical, and cultural methods for controlling vegetation, including invasive species.[17] The Company states that its restoration and maintenance practices include revegetation and the use of native species.[18] The Commission concurs with the Hearing Examiner that the invasive species plan recommended by DCR is duplicative of the Company's Integrated Vegetation Management Plan, and therefore is unnecessary.[19]

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[7] *Id.* at 15-16.

[8] *See id*. at 16.

[9] Ex. 2 (Application) at 2, 4.

[10] *See* Report at 17.

[11] *See* Ex. 9 (DEQ Report) at 6-7. Dominion should comply with all uncontested recommendations included in the DEQ Report.

[12] *See id.* at 6.

[13] Ex. 10 (Faison Rebuttal) at 2.

[14] *Id.*

[15] *See* Ex. 9 (DEQ Report) at 6, 20.

[16] *Id.* at 20.

[17] Ex. 10 (Faison Rebuttal) at 3.

[18] *Id.*

[19] Report at 18.

DCR also recommends that the Company "[c]ontact DCR . . . for updated information on natural heritage resources in the project area should the scope of the project change and/or six months passes before the project is implemented."[20] The Company recommends a change in the language to "[c]ontact DCR . . . for updated information on natural heritage resources in the project area if the scope of the project *materially* changes and/or *twelve* months passes before the project is implemented."[21] The Commission finds that the Company's proposed modification to the language of the DCR is reasonable and should be adopted.

The Virginia Outdoors Foundation ("VOF") expresses concerns regarding Dominion's proposal to replace existing structures with taller steel monopole structures in the portion of the Rebuild Project located in the City of Covington.[22] The VOF is concerned about the visual impact the new structures may have on one of its open-space easements located within 500 feet of the Rebuild Project area.[23] The Company asserts that the proposed Rebuild Project would replace each existing lattice structure and two concrete structures located at Fudge Hollow Substation with one monopole structure. To accomplish this and achieve adequate electrical design clearances, taller structures would be necessary.[24] The Commission finds, and the record shows, that while the viewshed of a few discrete sites within the VOF easement may be negatively impacted by the proposed monopoles, the taller structures are necessary for proper electrical design of the line.[25]

The VOF also recommends that the H-frame structures located between the Line #112 and Line #161 Junction and the Line #112 and Line #133 Junction be made of weathering steel, shaded brown in color.[26] Dominion asserts that the proposed H-frame design would reduce the height of the transmission structures in and surrounding the existing VOF easement in this portion of the Rebuild Project and that the majority of the structures in this location will be visible only within the ROW corridor.[27] VOF also advocates for these structures to use chemically dulled steel for cross arms and cross braces, rather than the proposed galvanized steel.[28] The Company states that while the approved fabricators of these structure components do not have chemical dulling capabilities, the Company plans to purchase these components approximately 12 months in advance of installation and store them outdoors, which will give them an opportunity to naturally weather before they are installed.[29] The Commission finds that the H-frame structures proposed by the Company should be used in the Rebuild Project.

VOF further recommends that the proposed monopole structures in the City of Covington be rebuilt using weathering steel to either be shaded brown or chemically dulled to reduce reflectivity.[30] The Company asserts that there are two monopoles proposed for replacement between the Line #112 and Line #161 Junction and the Covington Substation, one of which is located in the City of Covington. The Company states that it proposed the galvanized finish to more closely match the existing steel structures.[31] The Commission finds that the proposed galvanized finish is appropriate and should be used in the Rebuild Project.

Accordingly, IT IS ORDERED THAT:

(1) Dominion is authorized to construct and operate the Rebuild Project as proposed in its Application, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a CPCN to construct and operate the Rebuild Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following CPCN to Dominion:

> Certificate No. ET-59g, which authorizes Virginia Electric and Power Company, under the Utility Facilities Act, to operate certificated transmission lines and facilities in Alleghany County and the City of Covington, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUR-2018-00139, cancels Certificate No. ET-59f, issued to Virginia Electric and Power Company in Case No. PUE-1995-00057 on January 19, 1996.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation three copies of an appropriate map that shows the routing of the transmission line approved herein.

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[20] Ex. 9 (DEQ Report) at 20.

[21] Ex. 10 (Faison Rebuttal) at 4.

[22] Ex. 9 (DEQ Report) at 23.

[23] *Id*.

[24] Ex. 11 (Gatlin Rebuttal) at 2.

[25] *See* Report at 19.

[26] Ex. 9 (DEQ Report) at 23.

[27] Ex. 11 (Gatlin Rebuttal) at 3.

[28] Ex. 9 (DEQ Report) at 23.

[29] Ex. 11 (Gatlin Rebuttal) at 3.

[30] Ex. 9 (DEQ Report) at 23.

[31] Ex. 11 (Gatlin Rebuttal) at 4.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the CPCN issued in Ordering Paragraph (3) with the map attached.

(6) The Rebuild Project approved herein must be constructed and in service by December 31, 2020. The Company, however, is granted leave to apply for an extension for good cause shown.

(7) This matter hereby is dismissed.

CASE NO. PUR-2018-00141
MARCH 29, 2019

APPLICATION OF
SUMMIT ENERGY SERVICES, INC.

For a license to conduct business as an aggregator of electricity and natural gas

ORDER GRANTING LICENSE

On February 15, 2019, Summit Energy Services, Inc. ("Summit" or "Company"), completed the filing of an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator for electricity and natural gas ("Application"). In its Application, Summit seeks authority to serve eligible commercial and industrial customers in the service territories of Washington Gas Light Company ("WGL") and Columbia Gas of Virginia, Inc. ("CVA"), Virginia Natural Gas, Inc. ("VNG"), and Atmos Energy Corporation ("Atmos").[1] Summit also seeks authority to serve eligible commercial and industrial customers in the service territories of Appalachian Power Company ("APCo") and Virginia Electric and Power Company ("Dominion").[2] The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").[3]

On February 27, 2019, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; required Summit to serve a copy of the Order for Notice and Comment upon appropriate persons and file proof of such service with the Clerk of the Commission on or before March 8, 2019 ("Proof of Service"); provided for the receipt of comments from the public; required Commission Staff ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a report ("Staff Report"); and provided an opportunity for participants to file a response to the Staff Report.

The Proof of Service was received at the Commission on March 6, 2019. Comments were filed by Dominion on March 12, 2019.

On March 18, 2019, the Staff filed its Staff Report, which summarized Summit's Application and evaluated its financial and technical fitness. Staff recommended that a license be granted to Summit to conduct business as an aggregator of natural gas and electricity to commercial and industrial customers in the requested service territories.

NOW THE COMMISSION, upon consideration of the Application, the comments filed by Dominion, the Staff Report, and applicable law, finds that Summit's Application for a license to conduct business as an aggregator of electricity and natural gas to commercial and industrial customers in the service territories of WGL, CVA, VNG, Atmos, APCo, and Dominion should be granted, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) Summit is hereby granted License No. A-66 to provide competitive aggregation service for electricity and natural gas to eligible commercial and industrial customers in the service territories listed above. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

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[1] Retail choice for natural gas service only exists in the service territories of WGL and CVA. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under FERC authority since the mid-1980s.

[2] Retail choice for electric service exists only as set forth in the Code of Virginia and only in the service territories of APCo, Dominion, and the electric cooperatives.

[3] 20 VAC 5-312-10 *et seq.*

CASE NO. PUR-2018-00142
MARCH 12, 2019

APPLICATION OF
TELIAX VIRGINIA, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On October 26, 2018, Teliax Virginia, LLC ("Teliax" or "Company"),[1] completed the filing of an application with the State Corporation Commission ("Commission") for certificates ("Certificates") of public convenience and necessity to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia ("Application"). 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 ("Code"). Teliax also filed a Motion for a Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.[2]

On November 8, 2018, the Commission issued an Order for Notice and Comment ("Scheduling Order") that, among other things, directed Teliax to provide notice to the public of its Application, and to provide a performance or surety bond in the amount of $50,000 in accordance with 20 VAC 5-417-20 G 1 b of the Commission's Local Rules to the Division of Public Utility Regulation within 30 days from the date of the Scheduling Order. The Scheduling Order also directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report").

On January 15, 2019, Teliax filed a motion for an extension of time for submitting the performance or surety bond to the Staff and filing the proof of notice and proof of service with the Commission. Teliax also requested that the time for filing of the Staff Report and the response to the Staff Report likewise be extended. The Commission issued its Order Granting Motion on January 17, 2019.

On February 19, 2019, Staff filed its Staff Report concluding that the Company's Application is in compliance with the Commission's Local Rules and Interexchange Rules. Based upon its review of the Company's Application, Staff determined that it would be appropriate to grant Certificates to Teliax subject to the following condition: Teliax should notify the Division of Public Utility Regulation 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 the Commission determines it is no longer necessary. Teliax did not file a response to the Staff Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that it should grant Certificates to Teliax. Having considered Code § 56-481.1, the Commission finds that Teliax may price its interexchange services competitively. Finally, the Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.[3]

Accordingly, IT IS ORDERED THAT:

(1) Teliax hereby is granted Certificate No. T-762 to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, Code § 56-265.4:4, and the provisions of this Final Order.

(2) Teliax hereby is granted Certificate No. TT-303A to provide interexchange telecommunications services subject to the provisions of the Interexchange Rules, Code § 56-265.4:4, and the provisions of this Final Order.

(3) Pursuant to Code § 56-481.1, Teliax may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Final Order, the Company shall provide tariffs to the Division of Public Utility Regulation that conform to all applicable Commission rules and regulations. If Teliax elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Local Rule 20 VAC 5-417-50 A.

(5) Teliax shall notify the Division of Public Utility Regulation no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) The Company's Motion is denied; however, the Commission directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(7) This case is dismissed.

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[1] The Application was originally filed under the name Teliax, Inc. (a Colorado corporation), on August 30, 2018. However, a foreign corporation may not be issued Certificates. *See* Va. Const. art. IX § 5; 20 VAC 5-417-20 D of the Commission's Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("Local Rules"); and 20 VAC 5-411-30 C of the Commission's Rules Governing the Certification of Interexchange Carriers ("Interexchange Rules"). Teliax Virginia, LLC, was established as a Virginia limited liability company to proceed as the applicant in this case.

[2] 5 VAC 5-20-10 *et seq*.

[3] The Commission has not received a request to review the information that the Company designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUR-2018-00146
OCTOBER 4, 2019

APPLICATION OF
ELECTRIC ADVISORS, INC.

For a license to conduct business as an aggregator of natural gas and electricity

ORDER AMENDING LICENSE

On November 21, 2018, in this docket, the State Corporation Commission ("Commission") granted an application of Electric Advisors, Inc. ("EAI" or "Company"), for a license to conduct business as an aggregator of natural gas to eligible commercial and industrial customers in the service territories of Washington Gas Light Company ("WGL") and Columbia Gas of Virginia, Inc. ("CVA").[1] The Commission's Order Granting License stated, "This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein."[2]

On August 2, 2019, EAI filed an application with the Commission for a license to conduct business as an aggregator of electricity ("Application"), which was assigned Case No. PUR-2019-00125. The Company seeks authority to provide aggregation services for electricity to eligible commercial and industrial customers in the service territories of Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV") and Appalachian Power Company ("APCo").[3] EAI 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.[4]

On August 22, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order") that, in part, required the Company to serve a copy of the Procedural Order on the utilities identified in Attachment A to the Procedural Order, permitted interested persons to file comments on the Application, directed Commission Staff ("Staff") to investigate the Application and present its findings in a report ("Report" or "Staff Report"), and provided parties an opportunity to respond to the Staff Report. The Procedural Order also ordered that the Application proceed under Case No. PUR-2018-00146 as an application to amend License No. A-60, and that Docket No. PUR-2019-00125 be closed with License No. A-60 remaining in full effect during the review period of the Application.

By notice filed with the Commission on August 30, 2019, EAI certified that it had completed the service required by the Commission's Procedural Order.

DEV filed comments on September 12, 2019.

On September 16, 2019, the Staff filed its Report, which analyzed EAI's Application and evaluated the Company's financial and technical fitness. Staff recommended that EAI's License No. A-60 should be cancelled and reissued as License No. A-60A, which would authorize EAI to provide competitive aggregation service for natural gas to commercial and industrial customers in the service territories of WGL and CVA and competitive aggregation service for electricity to eligible commercial and industrial customers in the service territories of DEV and APCo.

No party filed comments to the Staff's Report.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and applicable law, finds that License No. A-60 shall be cancelled and reissued as License No. A-60A. The reissued License No. A-60A shall authorize EAI to provide competitive aggregation service for natural gas to commercial and industrial customers in the service territories of WGL and CVA and competitive aggregation service for electricity to eligible commercial and industrial customers in the service territories of DEV and APCo, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) License No. A-60 is hereby cancelled and shall be reissued as License No. A-60A, authorizing EAI to provide competitive aggregation service for natural gas to commercial and industrial customers in the service territories of WGL and CGV and competitive aggregation service for electricity to commercial and industrial customers in the service territories of DEV and APCo. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

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[1] *Application of Electric Advisors, Inc., For a license to conduct business as an aggregator of natural gas*, Case No. PUR-2018-00146, 2018 S.C.C. Ann. Rept. 528, Order Granting License (Nov. 21, 2018).

[2] *Id.*

[3] Pursuant to § 56-577 of the Code of Virginia ("Code"), retail choice for electricity is only permitted pursuant to the customer classes, load parameter, and renewable energy sources set forth therein. Retail choice thereunder exists only in the service territories of DEV, APCo, and the electric cooperatives.

[4] 20 VAC 5-312-10 *et seq*.

CASE NO. PUR-2018-00149
JANUARY 7, 2019

APPLICATION OF
RESOURCE ENERGY SYSTEMS, LLC

For a license to conduct business as an aggregator of electricity and natural gas

ORDER GRANTING LICENSE

On September 20, 2018, Resource Energy Systems, LLC ("Resource Energy" or "Company") completed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator of electricity and natural gas ("Application").[1] The Company seeks authority to provide aggregation services to eligible commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.[2] Resource Energy attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").[3]

On October 5, 2018, the Commission issued an Order for Notice and Comment ("Notice Order") which, among other things, directed Resource Energy to serve a copy of the Notice Order upon appropriate utilities; provided an opportunity for interested persons to file written comments on the Application; directed the Staff to analyze the Application and present its findings in a report ("Staff Report"); and further directed that a Hearing Examiner should be appointed to rule on all discovery matters that arise during the course of this proceeding.

On November 6, 2018, the Company filed a Motion for Extension of Dates of Order ("Motion") stating that, due to an administrative oversight, it had neglected to serve the copies as required by the Notice Order and that it was requesting the Commission's Notice Order be reissued with adjusted dates. On the same day, the Commission, by order, granted Resource Energy System's Motion with a modified procedural schedule.

On November 13, 2018, Resource Energy filed proof of service. On November 20, 2018, a Hearing Examiner established procedures for the filing, exchange, and handling of confidential information in this case. On December 6, 2018, DEV filed comments on the Application. On December 7, 2018, Kentucky Utilities Company d/b/a Old Dominion Power Company in Virginia filed a Motion For Leave To File Comments along with comments on the Application.

On December 13, 2018, Staff filed its Report, which summarized Resource Energy's Application and evaluated its financial and technical fitness. Staff recommended that a license be granted to Resource Energy for the provision of electricity aggregation and natural gas aggregation services to commercial, industrial, and governmental customers throughout the service territories open to competition in the Commonwealth of Virginia.[4]

No response to the Staff Report was filed.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and the applicable law, finds that Resource Energy's Application for a license to conduct business as an aggregator of electricity and natural gas to commercial, industrial, and governmental customers in the Commonwealth of Virginia where retail choice exists should be granted, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) Resource Energy hereby is granted License No. A-61 to provide competitive aggregation service for electricity and natural gas to eligible commercial, industrial, and governmental customers in the Commonwealth of Virginia where retail choice exists. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

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[1] The Company filed its Application on September 10, 2018, and the Commission's Staff ("Staff') deemed it incomplete on September 14, 2018. The Company filed supplemental information on September 20, 2018, completing its Application. In conjunction with the filing of its Application, the Company filed a Motion for Entry of a Protective Order and a proposed Protective Order that establishes procedures governing the use of confidential information in this proceeding.

[2] Although Resource Energy seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Washington Gas Light Company, Columbia Gas of Virginia, Inc., Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV"), Appalachian Power Company, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under FERC authority since the mid-1980s.

[3] 20 VAC 5-312-10 *et seq*.

[4] Staff Report at 5.

CASE NO. PUR-2018-00153
MARCH 25, 2019

APPLICATION OF
APPALACHIAN POWER COMPANY

To revise its fuel factor

ORDER ESTABLISHING 2018-2019 FUEL FACTOR

On September 13, 2018, Appalachian Power Company ("APCo" or "Company") filed with the State Corporation Commission ("Commission") its application ("Application") pursuant to § 56-249.6 of the Code of Virginia ("Code") seeking an increase in its fuel factor from the current factor of 2.169 cents per kilowatt-hour ("¢/kWh") to 2.547¢/kWh, effective for service rendered November 1, 2018, through October 31, 2019 ("Fuel Year").[1]

In its Application, APCo states that its proposed fuel factor consists of both an in-period component and a prior-period component. APCo's proposed in-period component is designed to recover its estimated Virginia jurisdictional fuel expenses during the Fuel Year of approximately $299 million, including purchased power expenses and a credit for 75% of projected off-system sales margins.[2] The Company proposes an in-period factor component of 2.122¢/kWh.[3]

The prior-period component is a true-up component designed to recover over the Fuel Year an estimated under-recovered deferred fuel balance as of October 31, 2018.[4] The Company states that it divided the projected deferred fuel cost balance by the projected Virginia jurisdictional energy sales for the Fuel Year to obtain the prior period under-recovery component of 0.425¢/kWh.[5]

On September 27, 2018, the Commission entered an Order Establishing 2018-2019 Fuel Factor Proceeding that, among other things, established a procedural schedule for this matter; required the Company to provide public notice of its Application; scheduled an evidentiary hearing on the Application; and placed into effect the Company's proposed fuel factor of 2.547¢/kWh on an interim basis for service rendered on and after November 1, 2018.

The Old Dominion Committee for Fair Utility Rates ("Committee"), VML/VACo APCo Steering Committee ("Steering Committee"), Steel Dynamics, Inc., and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed notices of participation in this proceeding. On January 17, 2019, the Commission's Staff ("Staff") filed the testimony of three witnesses. On January 24, 2019, counsel for APCo filed a letter indicating that the Company would not file rebuttal testimony in this proceeding.

The evidentiary hearing was convened, as scheduled, on February 14, 2019. APCo, the Committee, the Steering Committee, Consumer Counsel, and Staff participated at the hearing. No public witnesses appeared at the hearing.[6]

On March 6, 2019, the Report of D. Mathias Roussy, Jr., Hearing Examiner ("Report") was filed. The Hearing Examiner in his Report found that "[t]he record in this case supports approval of the Company's proposed fuel factor of 2.547¢/kWh."[7] The Hearing Examiner also determined that the only outstanding issue in this proceeding concerned Staff's recommendation to credit CSP capacity revenues to base rates and the rate adjustment clause for APCo's Dresden generating station ("G-RAC"), rather than to the fuel factor.[8] The Hearing Examiner found that Staff's recommendation to move CSP capacity revenues from the fuel factor to base rates and the G-RAC would reasonably align ratemaking treatment for these revenues with the underlying costs, as APCo's capacity costs are included in base rates and the G-RAC.[9] Finally, the Hearing Examiner found that all CSP capacity revenues currently included in APCo's fuel factor would continue to be reflected in the Company's rates if such revenues were removed from the fuel factor and included in base rates and the G-RAC, effective June 1, 2017.[10]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Hearing Examiner's findings and recommendations should be adopted for the reasons set forth in the Report and that APCo's fuel factor should be 2.547¢/kWh for service rendered on and after November 1, 2018. We further find that CSP capacity revenues should be removed from the fuel factor and included in base rates and the G-RAC, effective June 1, 2017.

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[1] Ex. 2 (Application) at 1.

[2] Ex. 4 (Castle Direct) at 5. The in-period component also includes recovery of non-incremental costs associated with APCo's wind contracts, PJM Interconnection, L.L.C. ("PJM") Load Serving Entity transmission losses, PJM congestion charges, 100% of incremental transmission line loss margins, Financial Transmission Right revenues, a credit for competitive service provider ("CSP") capacity sales, and Green Power revenue credits. *Id.*

[3] *Id.*

[4] *Id.*

[5] *Id.* at 5-6.

[6] Tr. 6.

[7] Report at 10.

[8] *Id*. at 10-11; Ex. 10 (Carr Direct) at 1-2.

[9] Report at 10-11.

[10] *Id*. at 11.

Pursuant to § 56-249.6 of the Code, APCo is statutorily entitled to recover its prudently incurred fuel costs. Indeed, in describing this statutory provision over twenty-five (25) years ago, the Commission explained that the fuel factor permits dollar for dollar recovery of prudently incurred fuel costs.[11] As also explained in prior fuel cases, approval of a fuel factor herein does not represent ultimate approval of the Company's actual fuel expenses. An audit and investigation of the Company's actual booked fuel expenses, among other things, is conducted by the Staff after the close of the Fuel Year. The Commission subsequently determines what are, in fact, reasonable, prudent and, therefore, allowable fuel expenses and credits, as well as the Company's recovery position as of the end of the audit period. For example, the Commission has previously described this review as follows:

> Should the Commission find in its Final Audit Order (1) that any component of the Company's actual fuel expenses or credits has been inappropriately included or excluded, or (2) that the Company has failed to make every reasonable effort to minimize fuel cost or has made decisions resulting in unreasonable fuel cost, the Company's recovery position will be adjusted. This adjustment will be reflected in the recovery position of the Company's next fuel factor. We reiterate that no finding in this order is final, as this matter is continued generally, pending Staff's audit of actual fuel expenses.[12]

Likewise, while we find that the Company's proposed fuel factor shall be approved, no finding in this Order Establishing 2018-2019 Fuel Factor is final. This matter is otherwise continued generally, pending audit and investigation of the Company's actual fuel expenses.

Accordingly, IT IS ORDERED THAT:

(1) The Company's fuel factor shall be 2.547¢/kWh for service rendered on and after November 1, 2018.

(2) CSP capacity revenues shall be removed from the fuel factor and included in base rates and the G-RAC, effective June 1, 2017.

(3) This case is continued generally.

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[11] *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"). *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").

[12] *Kentucky Utils.*, 1995 S.C.C. Ann. Rept. at 311.

CASE NO. PUR-2018-00159
JUNE 19, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For a declaratory judgment or, in the alternative, for approval and certification of electric facilities: Fork Union Substation and related Line Cut-In Project

FINAL ORDER

On October 30, 2018, pursuant to Rule 100 C of the Virginia State Corporation Commission ("Commission") Rules of Practice and Procedure,[1] Virginia Electric and Power Company ("Dominion" or "Company") petitioned the Commission for a declaration as to whether the Company is required to amend or obtain certificates of public convenience and necessity ("CPCNs") pursuant to Chapter 10.1 of Title 56 of the Code of Virginia ("Code") for a certain project it plans to undertake on its transmission system in Virginia.[2] In the alternative, the Company seeks approval and amended certification of such project, pursuant to Code § 56-46.1 and the Utilities Facilities Act, Code § 56-265.1 *et seq.* (collectively, Dominion's filing is referred to herein as the "Application").

On November 15, 2018, the Commission entered an Order for Notice and Comment in this proceeding, finding that "the proposed Project is not an 'ordinary extension[] or improvement[] in the usual course of business' and therefore requires a CPCN pursuant to Code § 56-46.1 and the Utilities Facilities Act, Code § 56-265.1 *et seq.*"[3]

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[1] 5 VAC 5-20-10 *et seq.* ("Rules of Practice").

[2] Application at 1.

[3] Order for Notice and Comment at 5. The Commission directed Dominion to file testimony and an appendix in support of its Application on or before December 4, 2018. *Id.* at 6.

Specifically, Dominion seeks to construct a new substation located in Fluvanna County, Virginia, 1.5 miles from Bremo Power Station ("Fork Union Substation"); and, as part of this effort, cut Bremo-Cunningham Line #5, Bremo-Sherwood Line #91, and Bremo Charlottesville Line #2028 ("Line Cut-Ins") into the proposed new Fork Union Substation (collectively, the "Project").[4] In total, according to Dominion, the proposed Project involves the removal of five transmission structures and the installation of 15 new transmission structures.[5] The heights of the five existing structures to be removed range from 50 to 88 feet, with an average height of 68 feet. The proposed structure heights range from 50 to 135 feet, with an average height of 84 feet.[6]

The Line Cut-Ins entail a total increase of 0.2 mile of transmission line.[7] Lines #5, #91, and #2028, according to Dominion, are parallel transmission lines co-located in the same existing right-of-way.[8] The transmission lines originate adjacent to Bremo Power Station Units 3 and 4, and run along the same corridor for approximately 2.3 miles before splitting at a junction near Route 15.[9] The existing transmission corridor is adequate to construct the proposed Project.[10] The Fork Union Substation would be located entirely on Company-owned property.[11] Therefore, no new right-of-way is necessary for the proposed Project.[12]

Dominion represents that the proposed Project is needed to resolve potential violations of North American Electric Reliability Corporation ("NERC") reliability standards related to the deactivation and cold storage of the Company's Bremo Power Station Units 3 and 4.[13] Specifically, according to Dominion, the proposed Project would address potential NERC violations by providing a long-term solution with the introduction of a new 115 kilovolt network source to serve the Gordonsville load area.[14] Dominion estimates the conceptual cost of the proposed Project to be approximately $27.2 million, which includes $5.4 million for transmission-related work and $21.8 million for substation-related work (2018 dollars).[15]

Dominion initially sought an in-service date for the proposed Project of November 30, 2019.[16] Dominion anticipates the proposed Project will take approximately nine months to construct after the Commission issues a final order.[17]

Concurrent with its Application, Dominion filed its Motion for Interim Authority ("Motion"). In its Motion, Dominion sought expedited approval to begin pre-construction grading at the site of the proposed Fork Union Substation until the Commission has an opportunity to act on the Application. In support of its Motion, Dominion stated that pre-construction grade work at the substation site is required to begin by November 15, 2018, to meet the anticipated in-service date.[18] The Commission approved Dominion's Motion as part of its Order for Notice and Comment dated November 15, 2018, stating, "[w]e grant Dominion's Motion for Interim Authority and request for expedited consideration. As we have stated in precedent and as Dominion recognizes, the Company undertakes the preliminary pre-construction efforts described in its Motion at its own risk prior to Commission consideration of the underlying Project."[19]

Through its November 15, 2018 Order for Notice and Comment, the Commission also, among other things, permitted interested persons an opportunity to file written or electronic comments, to participate as a respondent in this proceeding, and to request a hearing on the Application. The Commission further directed Staff to investigate the Application and to file a report containing its findings and recommendations thereon. In addition, the Commission noted that the Staff had requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Project.[20]

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[4] Application at 3.

[5] *See, e.g., id.* at 9, 16. The Company excludes backbone structures proposed to be installed in the substation from its total structure counts described in the Application. *See id.* at 3, n.4.

[6] *Id.* at 16.

[7] *Id.* at 3.

[8] *Id.* at 8.

[9] *Id.*

[10] *Id.* at 10-11.

[11] *Id.* at 10.

[12] *Id.* at 11.

[13] *See, e.g., id.* at 3-5.

[14] *Id.* at 8.

[15] *Id.* at 6.

[16] *Id.*

[17] *Id.*

[18] Motion at 2.

[19] Order for Notice and Comment at 6. *See also, e.g.,* Motion at 2-3.

[20] Order for Notice and Comment at 4-5.

On November 16, 2018, pursuant to Rule 110 of the Commission's Rules of Practice, Dominion filed the Motion of Virginia Electric and Power Company for Leave to File DEQ Supplement ("Motion to Supplement"). The Company included the DEQ Supplement as Exhibit A to its Motion to Supplement. In its Motion to Supplement, Dominion represented that DEQ requested additional information to conduct the coordinated review of the Project.[21] Dominion asserted that filing the DEQ Supplement would expedite development of the record in this proceeding.[22] The Commission granted Dominion's Motion to Supplement through its Order Accepting Filing on November 29, 2018.

On January 22, 2019, the DEQ filed a report ("DEQ Report") on the proposed Project. The DEQ Report summarizes the proposed Project's potential impacts, makes recommendations for minimizing those impacts, and outlines Dominion's responsibilities for compliance with legal requirements governing environmental protection.

The DEQ Report contains the following general recommendations:

- Follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams.
- Consider DEQ's recommendations on permeable paving, as applicable, and revegetation following construction work.
- Reduce solid waste at the source, reuse it, and recycle it to the maximum extent practicable.
- Coordinate with the Department of Conservation and Recreation's ("DCR's") Division of Natural Heritage regarding its recommendations to minimize adverse impacts to the aquatic ecosystem as well as for updates to the Biotics Data System database.
- Coordinate with the Department of Game and Inland Fisheries ("DGIF") regarding its recommendations to protect listed species, including a survey, as well as wildlife resources.
- Coordinate with the Virginia Department of Health regarding its recommendation to protect water supplies.
- Follow the principles and practices of pollution prevention to the maximum extent practicable.
- Limit the use of pesticides and herbicides to the extent practicable.[23]

On January 29, 2019, Staff of the Commission ("Staff") filed the testimony of Michael A. Cizenski, PE, and Chris Harris. After investigating Dominion's Application, Staff concludes that the Company has reasonably demonstrated that placing Bremo Power Station Units 3 and 4 in cold storage would cause potential reliability standard violations under certain contingencies. Staff witness Cizenski notes, however, that the proposed Project would not be needed absent the retirement. At the time Staff filed its testimony, Dominion had not made a decision whether to retire or reactivate these generation units. Staff thus asserts in its prefiled testimony that until Dominion makes such a decision, a temporary transformer could be sufficient to continue providing service until 2021, when the Company's analyses predict that the units may be reactivated.[24] Staff witness Harris' testimony asserts that the Company's economic analysis to place the Bremo Power Station Units 3 and 4 in cold reserve omitted the costs of transmission plant additions. Staff witness Harris asserts that if transmission costs are added to the economic analysis, such analysis indicates that the decision to place Bremo Power Station Units 3 and 4 in cold reserve is not economic. Staff witness Harris recommends that the Company include all costs in its future economic analyses to determine whether units should remain in service, be placed in cold reserve, or be retired.[25]

On February 7, 2019, pursuant to Rule 110 of the Rules of Practice, Dominion filed the Motion of Virginia Electric and Power Company to Revise Procedural Schedule and For Expedited Consideration ("Motion to Revise Schedule"). Through its Motion to Revise Schedule, Dominion requested that the Commission issue a ruling on an expedited basis that revises the procedural schedule established by the Commission's November 15, 2018 Order for Notice and Comment. In support of its Motion to Revise Schedule, Dominion represented that what it characterizes as the primary question posed by Staff -whether Bremo Power Station Units 3 and 4 may be reactivated before 2021– may be answered one way or another by April 16, 2019. However, the procedural schedule, as established in the Commission's November 15, 2018 Order for Notice and Comment, required Dominion to file rebuttal testimony by February 12, 2019. Dominion thus requested through its Motion to Revise Schedule that the procedural schedule be revised to allow the participants to address the status of Bremo Power Station Units 3 and 4 as of April 16, 2019. The Commission granted Dominion's Motion to Revise Schedule through its February 8, 2019 Order Granting Motion.

On April 23, 2019, in accordance with the revised procedural schedule, Dominion filed the supplemental testimony of David C. Witt. In his supplemental testimony, Company witness Witt explains that on March 25, 2019, the Company announced the decision by Dominion Generation to retire Bremo Units 3 and 4.[26] Company witness Witt further explains that the Company's updated analyses confirmed the need for the Project.[27] Company witness Witt concludes that both the retirement decision and the updated analyses "reaffirm the need for the Project as the preferred long-term solution."[28]

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[21] Motion to Supplement at 2.

[22] *Id.*

[23] DEQ Report at 8.

[24] Direct Testimony of Michael A. Cizenski, Report at 14-15.

[25] Direct Testimony of Chris Harris, UAF Staff Report.

[26] Supplemental Testimony of David C. Witt at 3.

[27] *Id.* at 3-6.

[28] *Id.* at 7.

On May 14, 2019, Staff filed the supplemental testimony of Staff witnesses Cizenski and Harris. Staff witness Cizenski asserts that "[i]n light of the Company's decision to retire Bremo Power Station Units 3 and 4, it is Staff's opinion that the Company has reasonably demonstrated the need for construction of the proposed Project."[29] Staff witness Cizenski further asserts that Staff does not oppose the issuance of a CPCN for the proposed Project.[30] Staff witness Harris continues to recommend that Dominion "include all appropriate annual costs in its future economic analyses to determine whether units should remain in service, be placed into cold reserve, or be retired."[31] Staff witness Harris further asserts that in the economic studies, annual costs and revenues should be included only for the period of time that they are unique.[32]

On May 29, 2019, Dominion filed the rebuttal testimony of Company witnesses David C. Witt, Kevin L. Cross, and John A. Mulligan. Company witness Witt agrees with Staff witness Cizenski's assessment of need for the proposed Project and requests that the Commission issue a final order approving the proposed Project by June 28, 2019, so that the proposed Project can be in service by March 15, 2020.[33] Company witness Cross explains why the Company performed its cold reserve analysis for Bremo Power Station Units 3 and 4 with zero transmission costs. Company witness Cross further asserts that had the Company known about the correct transmission cost and included such costs in its analysis, Dominion would not have changed its decision to place Bremo Power Station Units 3 and 4 into cold reserve.[34] Company witness Cross concludes that in future analyses, once public information regarding transmission costs is available, the Company will work with PJM Interconnection, LLC and Staff to include such costs in its analyses. While agreeing with Staff witness Harris in certain other respects, Company witness Cross asserts that Dominion continues to believe that write-off costs should not be included in the analysis as an avoidable cost. The Company commits to working with Staff to minimize areas of disagreement regarding its cold reserve and retirement analyses in the future.[35]

Company witness Mulligan addresses the DEQ recommendations contained in the DEQ Report. Company witness Mulligan proposes an amendment to the DEQ Report recommendation that Dominion coordinate with DCR's Division of Natural Heritage for updates to the Biotics System Database. Specifically, Company witness Mulligan recommends changing the language of this recommendation to state, "if the scope of the project changes and/or six months has passed before it is utilized" to "if the scope of the project *materially* changes and/or *twelve* months has passed before it is utilized."[36] Company witness Mulligan cites several cases in which the Commission adopted Dominion's similar proposed revisions to the Biotics Recommendation in those cases.[37] Company witness Mulligan also explains certain ways in which the Company is complying with the remaining DEQ recommendations. For the DEQ recommendation on permeable paving and revegetation after Project construction, Company witness Mulligan asserts that the Company has taken the DEQ's recommendation into consideration for the proposed Project. Therefore, Company witness Mulligan asserts that this recommendation is unnecessary and should be rejected.[38] Company witness Mulligan opposes the DEQ requirement to perform a mussel survey because the Company has not proposed any work on the Project within the perennial tributaries of the James River. The only tributary onsite, according to Company witness Mulligan, is an intermittent stream that is a tributary to Hollman Creek, which discharges into the James River approximately 2 miles downstream from the Project location. The stream, according to a Unified Stream Methodology, was found to have an incised channel with marginal habitat for benthic macro invertebrates. Company witness Mulligan asserts that because this stream is not perennial and lacks appropriate habitat for the green floater, no mussel surveys or photographs of the stream are necessary. Therefore, Company witness Mulligan recommends that this DEQ recommendation likewise be rejected.[39] Mr. Mulligan further asserts that with respect to the time-of-year restriction, land disturbance is not scheduled to occur between April 15 and July 31, or August 15 and September 30; therefore the DEQ's recommended time of year restrictions should be rejected.[40] Finally, with respect to the general DEQ recommendation pertaining to minimization of impacts to natural and wildlife resources, Company witness Mulligan asserts that these recommendations have been generally satisfied by the Company already and are therefore unnecessary and should be rejected.[41]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

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[29] Supplemental Testimony of Michael A. Cizenski at 3.

[30] *Id.*

[31] Supplemental Testimony of Chris Harris at 4.

[32] *Id.*

[33] Rebuttal Testimony of David C. Witt at 3.

[34] *See* Rebuttal Testimony of Kevin L. Cross.

[35] *Id.* at 6.

[36] Rebuttal Testimony of John A. Mulligan at 2.

[37] *Id*. at 3.

[38] *Id*. at 5.

[39] *Id*. at 5-6.

[40] *Id.* at 6.

[41] *Id.*

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

> Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; . . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that: "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts, and environment of the area concerned."

The Code requires that the Commission consider existing right-of-way easements when siting transmission lines. Code § 56-46.1 C 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, Code § 56-259 C provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Need and Service Reliability

With the announced retirements of Bremo Power Station Units 3 and 4, the record supports that the Project is needed to comply with NERC Reliability Standards and so that the Company can continue to provide reliable electric service to its customers.[42]

Routing and Right-of-Way

As required by § 56-259 C of the Code, Dominion has adequately considered existing rights-of-way. Given the statutory preference to use existing rights-of-way, and because additional costs and environmental impacts would be associated with the acquisition and construction of new right-of-way, Dominion did not consider any alternate routes requiring new right-of-way for the Project.[43]

Economic Development

We find that the Project is expected to provide economic benefits to the Commonwealth by improving reliability of the electric transmission system, which is a backbone for economic activity in the Commonwealth.[44]

Scenic Assets and Historic Districts

The Project appears to minimize impact on existing residences, scenic assets, historic districts, and the environment.[45]

Environmental Impact

Pursuant to §§ 56-46.1 A and B of the Code, the Commission is required to consider the proposed Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impact. The statute further provides that the Commission shall receive and give consideration to all reports that relate to the proposed Project by state agencies concerned with environmental protection.

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[42] *See, e.g.,* Application at 4-8; Direct Testimony of Michael A. Cizenski, Report at 3, 14; Supplemental Testimony of Michael A. Cizenski at 3.

[43] *See, e.g.,* Application at 11; Application Appendix at 30-43.

[44] *See, e.g.,* Direct Testimony of Michael A. Cizenski, Report at 12.

[45] *See, e.g.,* Application at 12-16; Application Appendix at 70-107; DEQ Supplement; DEQ Report; Direct Testimony of Michael A. Cizenski, Report at 13.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the Project. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts provided that the Company complies with the recommendations set forth in the DEQ Report.[46] We therefore find that as a condition of our approval herein, Dominion must comply with DEQ's recommendations as provided in the DEQ Report, with the exception of DCR's recommendation to re-submit project information and a map for an update on natural heritage information if "the scope of the [P]roject changes and/or six months has passed before [natural heritage information] is utilized."[47] Instead, Dominion shall consult with DCR for updates to the Biotics Data System only if: (i) the scope of the Project materially changes; or (ii) 12 months from the date of the Commission's final order in this matter pass before the Project commences construction.

Accordingly, IT IS ORDERED THAT:

(1) Dominion is authorized to construct and operate the Project, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1 and 56-265.2 of the Code, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the Project is granted, as provided for herein, and subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq*. of the Code, the Commission issues the following certificate of public convenience and necessity to the Company:

> Certificate No. ET-81l, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in Fluvanna County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUR-2018-00159; Certificate No. ET-81l cancels Certificate No. ET-81k issued to Virginia Electric and Power Company on May 5, 2017, in Case No. PUE-2016-00020.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide the Commission's Division of Public Utility Regulation with three copies of an appropriate map that shows the routing of the transmission line approved herein.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the certificate of public convenience and necessity issued in Ordering Paragraph (3) with the map attached.

(6) The Project approved herein must be constructed and in service by May 25, 2020; however, the Company is granted leave to apply for an extension for good cause shown.

(7) This matter hereby is dismissed.

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[46] The DEQ recommendations are set forth above and discussed in the DEQ Report. We have considered the Company's response to such DEQ recommendations. *See* Rebuttal Testimony of John A. Mulligan.

[47] DEQ Report at 15.

CASE NO. PUR-2018-00165
MARCH 19, 2019

PETITION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For approval to implement a Large Power Dedicated Facilities Contract Service Schedule, HV-2

ORDER

On September 27, 2018, Northern Virginia Electric Cooperative ("NOVEC" or "Cooperative") filed a petition ("Petition") with the State Corporation Commission ("Commission") pursuant to §§ 56-40, 56-231.34, and 56-236 of the Code of Virginia for approval to implement the Large Power Dedicated Facilities Contract Service Schedule HV-2 ("Schedule HV-2").[1]

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[1] Petition at 1.

Schedule HV-2 is a new, optional tariff that would generally be offered to certain large, high load factor Cooperative members with a minimum contract billing demand of 65 megawatts ("MW") and a load factor of 85%, though Schedule HV-2 would also be available to members with a minimum contract billing demand of 45 MW under certain conditions.[2] As proposed in the Petition under Schedule HV-2, eligible members would choose to take electric power supply service from either NOVEC's generally available power supply portfolio under a standard rate ("Standard Rate Option") or from the Cooperative at market-based rates ("Market Rate Option").[3] Under the Market Rate Option, NOVEC would directly pass through the cost of obtaining power on behalf of the member, which would generally reflect pricing in the wholesale market of PJM Interconnection, L.L.C.[4] Under either the Standard Rate Option or the Market Rate Option, Schedule HV-2 members would be responsible for power costs as well as capacity and transmission costs associated with their service.[5]

According to the Cooperative, approval of Schedule HV-2 would not result in any increase in rates to NOVEC's other members. In fact, the Cooperative claims that its other members would benefit from the margins generated through the distribution rates under Schedule HV-2.[6]

On October 15, 2018, the Commission issued an Order for Notice and Comment that, among other things, docketed the matter; directed NOVEC to provide public notice of the Petition; provided interested persons an opportunity to file public comments on the Petition, file a notice of participation as a respondent, or request that a hearing be convened; and directed the Commission's Staff ("Staff") to investigate the Petition and present its findings and recommendations in a report ("Report").

No notices of participation, hearing requests, or public comments were filed in this proceeding.

On February 15, 2019, Staff filed its Report. In the Report, Staff noted that approving Schedule HV-2 as filed would permit a customer to switch from the Market Rate Option to the Standard Rate Option when NOVEC's cost of service rates are lower than the prevailing market-based rates.[7] Staff expressed concern that the ability to move from one rate option to another, while beneficial for Schedule HV-2 customers, could result in some level of additional costs being passed on to the Cooperative's other customers.[8] As a result, Staff recommended that the Commission remove the Standard Rate Option from Schedule HV-2.[9]

On February 28, 2019, NOVEC filed comments on the Staff's Report ("Comments"). In its Comments NOVEC stated that though it believes there is customer demand for a Standard Rate Option, it does not object to Staff's recommendation that the Standard Rate Option in Schedule HV-2 be removed.[10]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Standard Rate Option should be removed from Schedule HV-2, and that the tariff, as revised, should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Schedule HV-2 shall be approved as set forth herein.

(2) The Company forthwith shall file a revised Schedule HV-2 and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) This case is dismissed.

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[2] *Id*. at 2.

[3] *Id*.; Affidavit of Howard M. Spinner at 2.

[4] Petition at 3; Affidavit of Howard M. Spinner at 2.

[5] Petition at 2-3.

[6] *Id.* at 4.

[7] Report at 4.

[8] *Id*.

[9] *Id*.

[10] Comments at 1.

CASE NO. PUR-2018-00166
JULY 3, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, for the Rate Year Commencing September 1, 2019

FINAL ORDER

On October 3, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia and the Commission's Final Order in Case No. PUR-2017-00128,[1] filed with the State Corporation Commission ("Commission") an annual update with respect to the Company's rate adjustment clause, Rider BW ("Application"). Through its Application, the Company seeks to recover costs associated with the Brunswick County Power Station, a 1,358 megawatt (nominal) natural gas-fired combined-cycle electric generating facility, as well as the related transmission interconnection facilities, in Brunswick County, Virginia ("Project").[2]

In Case No. PUE-2012-00128,[3] the Commission approved construction of the Project. In conjunction therewith, the Commission also approved a rate adjustment clause, designated Rider BW, which allowed Dominion to recover costs associated with the development of the Project.[4] The Company has since annually updated its Rider BW rate adjustment clause.[5]

In this proceeding, Dominion has asked the Commission to approve Rider BW for the rate year beginning September 1, 2019, and ending August 31, 2020 ("2019 Rate Year").[6] The two key components of the proposed total revenue requirement for the 2019 Rate Year are the Projected Cost Recovery Factor and the Actual Cost True-Up Factor.[7] The Company initially requested a Projected Cost Recovery Factor revenue requirement of $107,184,000, and an Actual Cost True-Up Factor revenue requirement of $16,015,000.[8] Thus, the Company initially requested a total revenue requirement of $123,199,000 for service rendered during the 2019 Rate Year.[9] Dominion requests a rate effective date for usage on and after the latter of September 1, 2019, or the first day of the month that is at least 15 days following the date of any Commission order approving Rider BW.[10]

The Company proposes a change in the methodology for the calculation of a certain allocation factor beginning in 2018 to recognize the output of certain non-utility generators to be used to allocate cost responsibility to the Virginia jurisdiction.[11] In addition, with the exception of the removal of certain federal and retail choice customers from the Virginia jurisdiction, the Company indicates it has calculated the proposed Rider BW rates in accordance with the same methodology as used for rates approved by the Commission in the most recent Rider BW proceeding, Case No. PUR-2017-00128.[12]

On October 26, 2018, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application; scheduled a public hearing on the Application; required Dominion to publish notice of its Application; gave interested persons the opportunity to comment on, or participate in the proceeding; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission. One notice of participation was filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On February 26, 2019, the Staff of the Commission ("Staff") filed testimony. Consistent with its position in other rate adjustment clause proceedings, Staff takes the position that Dominion failed to reclassify the excess amount of accumulated deferred income tax ("ADIT") related to the (in this case, Rider BW) deferral to a regulatory liability on its books, in contravention of the Commission's Order in Case No. PUR-2018-00005

[1] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider BW, Brunswick County Power Station*, Case No. PUR-2017-00128, Doc. Con. Cen. No. 180710813, Final Order (July 3, 2018).

[2] Ex. 2 (Application) at 1.

[3] *Application of Virginia Electric and Power Company, for approval and certification of the proposed Brunswick County Power Station and related transmission facilities pursuant to §§ 56-580 D, 56-265.2, and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider BW, pursuant to § 56-585.1 A 6 of the Code of Virginia,* Case No. PUE-2012-00128, 2013 S.C.C. Ann. Rept. 302, Final Order (Aug. 2, 2013).

[4] Ex. 2 (Application) at 2-3.

[5] *See* Case Nos. PUE-2013-00122; PUE-2014-00103; PUE-2015-00102; PUE-2016-00112; and PUR-2017-00128.

[6] Ex. 2 (Application) at 4.

[7] *Id*. at 8.

[8] *Id*.; Ex. 5 (Givens Direct) at 10.

[9] *Id.*

[10] Ex. 2 (Application) at 9.

[11] *See, e.g.,* Ex. 6 (Stephens Direct) at 5-10.

[12] Ex. 2 (Application) at 9; Ex. 6 (Stephens Direct) at 10-13; *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider BW, Brunswick County Power Station*, Case No. PUR-2017-00128, Doc. Con. Cen. No. 180710813, Final Order (July 3, 2018).

("TCJA Order"),[13] which directed public utilities subject to the Tax Cuts and Jobs Act of 2017 ("TCJA")[14] to accrue regulatory liabilities reflecting the Virginia jurisdictional revenue requirement impacts of the reduced income tax rate.[15] Staff asserts that Dominion should have reduced tax expense to reflect excess deferred income tax ("EDIT") amortization related to the Company's recovery of its Rider BW deferral balance. Staff further contends that rate base should be reduced by the 13-month average rate year unamortized EDIT balance to recognize that ADIT (which includes unamortized EDIT) is a source of customer-supplied capital until returned to customers through rates.[16] In addition, for purposes of this case, Staff witness Gereaux recommends the Company calculate its revenue requirement using a revised December 31, 2017 capital structure.[17] Further, and among other things, Staff witness Mangalam recommends that the Company revert to the Commission-approved Rider BW methodology to calculate the deferred costs incurred prior to the commercial operations date.[18] Staff witness Tufaro filed testimony indicating, among other things, that Staff does not oppose the Company's proposed change to the methodology for calculating the allocation factor.[19]

On February 27, 2019, the Commission issued its Final Order in Rider W addressing the EDIT issue. In its Final Order in Rider W, the Commission held that "Dominion shall return the EDIT related to the Rider W deferral to customers. Dominion's proposal to book the EDIT related to the Rider W deferral income is inconsistent with the Commission's TCJA Order . . . ."[20] The Commission also found that "Dominion shall exclude the depreciation-related EDIT amortization included in the Rider W deferral in this proceeding and reflect a reduction in rate base to recognize the associated unamortized depreciation-related EDIT included in the Rider W deferral that will be amortized and returned to customers in a future proceeding."[21]

On March 6, 2019, Staff filed the supplemental schedules of witnesses Morgan and Mangalam. Staff's supplemental testimony updates the revenue requirement Staff recommends in this case to correct a summation error in Staff's calculation of EDIT amortization and to incorporate the Commission's precedent on the EDIT issue.[22]

On March 12, 2019, Dominion filed its rebuttal testimony. In its rebuttal testimony, the Company accepts the Commission's precedent on the EDIT issue in Rider W, agrees to recalculate the revenue requirement using the revised December 31, 2017 capital structure Staff recommends, and uses Staff's methodology related to the deferred pre-commercial operations date cost balance to calculate the updated revenue requirement.[23] Dominion concludes in its rebuttal testimony that the Company and Staff are now in agreement on a Rider BW revenue requirement of $119,096,000.[24]

The Hearing Examiner convened a hearing as scheduled on March 26, 2019. No public witnesses appeared to testify at the hearing.[25] The Company, Staff, and Consumer Counsel participated at the hearing. At the hearing, the Company and Staff represented that they are in agreement on a Rider BW revenue requirement of $119,096,000.[26] Consumer Counsel did not object to the agreed-upon revenue requirement, but noted the cumulative impact on a customer's bill that would result from the Commission's approval of all 10 of Dominion's rate adjustment clauses.[27]

On April 5, 2019, the Hearing Examiner issued the Report of Mary Beth Adams, Hearing Examiner ("Report"). In her Report, the Hearing Examiner recommends that the Commission approve an updated Rider BW rate adjustment clause with a revenue requirement of $119,096,000, consisting of a Projected Cost Recovery Factor of $103,702,000, and an Actual Cost True-Up Factor of $15,394,000.[28] In addition, the Hearing Examiner finds that the Rider BW rates should be designed to recover the approved revenue requirement based on the Company's class allocation and rate design methodology presented by Company witness Stephens.[29]

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[13] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Regulatory accounting related to the federal Tax Cuts and Jobs Act of 2017*, Case No. PUR-2018-00005, Doc. Con. Cen. No. 180110073, Order (Jan. 8, 2018).

[14] Pub.L. 115-97; 131 Stat. 2054 (2017).

[15] *See* Ex. 8 (Morgan).

[16] *Id.* at 6.

[17] Ex. 9 (Gereaux).

[18] Ex. 7 (Mangalam) at 4.

[19] Ex. 10 (Tufaro) at 5.

[20] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station*, Case No. PUR-2018-00087, Doc. Con. Cen. No. 190230208, Final Order at 8 (Feb. 27, 2019).

[21] *Id.* at 8-9.

[22] *See* Ex. 11 and 11c (Mangalam Supplemental) and Ex. 12 and 12c (Morgan Supplemental).

[23] Ex. 13 (Givens Rebuttal) at 2.

[24] *Id.* at 2-3.

[25] Tr. 3.

[26] Tr. 4, 8.

[27] Tr. 7.

[28] Report at 12.

[29] *Id.*

On April 12, 2019, Dominion filed comments on the Report indicating that the Company agrees with the Report's Findings and Recommendations. No other participants filed comments on the Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Rider BW revenue requirement is $119,096,000, based on a Projected Cost Recovery Factor revenue requirement of $103,702,000, and an Actual Cost True-Up Factor revenue requirement of $15,394,000. We adopt the findings and recommendations set forth in the Report.

Accordingly, IT IS ORDERED THAT:

(1) Rider BW, as approved herein with an updated revenue requirement in the amount of $119,096,000, shall become effective for service rendered on and after September 1, 2019.

(2) The Company forthwith shall file a revised Rider BW and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) On or before November 26, 2019, the Company shall file an application to revise Rider BW effective September 1, 2020.

(4) This case is dismissed.

CASE NO. PUR-2018-00167
JULY 3, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of rate adjustment clause: Rider US-2, Scott, Whitehouse, and Woodland Solar Power Stations, for the Rate Year Commencing September 1, 2019

FINAL ORDER

On October 3, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"), pursuant to § 56-585.1 A 6 of the Code of Virginia, filed with the State Corporation Commission ("Commission") an annual update to the Company's rate adjustment clause, Rider US-2 ("Application"). Through its Application, the Company seeks to recover costs associated with three solar generation facilities: (i) the Scott Solar Facility, a 17-megawatt ("MW") (nominal alternating current ("AC")) facility located in Powhatan County; (ii) Whitehouse Solar Facility, a 20-MW AC facility located in Louisa County; and (iii) Woodland Solar Facility, a 19-MW AC facility located in Isle of Wight County.[1]

In its Application, Dominion requested Commission approval of a revised Rider US-2 for the rate year beginning September 1, 2019, and ending August 31, 2020 ("2019 Rate Year").[2] For service rendered during the 2019 Rate Year, the Company's Application requested a total revenue requirement of $16,251,497.

On October 16, 2018, the Commission issued an Order for Notice and Hearing in this case that, among other things, docketed the Application; scheduled a public hearing on the Application; required Dominion to publish notice of its Application; gave interested persons the opportunity to comment on, or participate in, the proceeding; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission.

A notice of participation was filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On February 22, 2019, Commission Staff ("Staff") filed its testimony and exhibits on the Application.[3] On March 7, 2019, the Company filed its rebuttal testimony.

A hearing was conducted by the Hearing Examiner as scheduled on March 19, 2019. No public witnesses appeared to testify at the hearing.[4] Counsel for the Company, Staff, and Consumer Counsel attended the hearing.

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[1] *Application of Virginia Electric and Power Company, For approval and certification for the proposed 2016 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-2, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2015-00104, 2016 S.C.C. Ann. Rept. 295, Final Order (June 30, 2016).

[2] Ex. 2 (Application) at 4.

[3] On March 11, 2019, Staff filed supplemental testimony.

[4] Tr. 4.

On May 8, 2019, the Report of Alexander F. Skirpan, Jr., Chief Hearing Examiner ("Report"), was issued. In his Report, the Hearing Examiner found that a 2019 Rate Year revenue requirement of $14,749,000 is supported by the record in this proceeding and should be approved.[5] In addition, the Hearing Examiner found that, for the purposes of this case, the Company's Factor 1 should continue to be used, and that cost allocation issues concerning solar facilities should be addressed in the next Rider US-3 proceeding.[6] On May 24, 2019, Dominion, Consumer Counsel, and Staff filed comments on the Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that for the 2019 Rate Year, the Rider US-2 revenue requirement is $14,749,000. The only contested issue in this proceeding involved the appropriate jurisdictional and class cost allocation methodology to be applied to Rider US-2. Dominion utilized the average and excess allocation methodology that it typically uses for generation resources.[7] Staff proposed a new "specialized allocation methodology for the recovery of the costs of these Projects that more closely aligns with the benefits received from the resource."[8] Dominion opposes Staff's request to change allocation methodologies.[9] Consumer Counsel "supports the objective behind Staff's [proposal]."[10]

For purposes of the instant proceeding, the Commission approves the average and excess allocation methodology used by Dominion, as the Commission recently did in the Company's Rider US-3 proceeding involving utility-scale solar facilities.[11] In the Rider US-3 proceeding, the Commission found "that Staff has identified an important issue worthy of additional study and consideration."[12] The Commission directed "Dominion shall present a thorough cost allocation study for intermittent facilities as part of its next Rider US-3 application, and the participants in that next case shall develop a record for consideration of allocation alternatives."[13]

Based on the foregoing directive to the Company, the Commission will not at this time require the Company to file the cost allocation study for intermittent facilities as part of its application in the next Rider US-2 proceeding as requested by Staff.[14] The Commission will consider cost allocation for intermittent facilities generally as part of the next Rider US-3 proceeding and apply any precedent developed in that proceeding in future cases involving intermittent resources, including Rider US-2, as appropriate.

Accordingly, IT IS ORDERED THAT:

(1) Rider US-2, as approved herein, shall become effective for service rendered on and after September 1, 2019.

(2) The Company forthwith shall file a revised Rider US-2 and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) On or before October 3, 2019, the Company shall file an application to revise Rider US-2 effective September 1, 2020.

(4) This case is dismissed.

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[5] Report at 27.

[6] Report at 1.

[7] *See, e.g.,* Dominion's April 17, 2019 Brief at 4.

[8] Ex. 14 (Samuel Direct) at 9.

[9] *See, e.g.,* Dominion's April 17, 2019 Brief at 7-12.

[10] Consumer Counsel's April 17, 2019 Brief at 2.

[11] *Petition of Virginia Electric and Power Company, For approval and certification of the proposed US-3 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-3, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2018-00101, Doc. Con. Cen. No. 190420099, Order Approving Rate Adjustment Clause at 4-5 (Apr. 15, 2019).

[12] *Id.* Accordingly, the allocation methodology approved herein is explicitly without prejudice for further consideration of such issue and potential approval of different allocation methodologies in subsequent proceedings.

[13] *Id.*

[14] *See* Staff's May 24, 2019 Comments at 1.

CASE NO. PUR-2018-00168
MAY 2, 2019

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval to implement demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia

ORDER APPROVING PROGRAMS AND RATE ADJUSTMENT CLAUSES

On October 3, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"), pursuant to Code of Virginia ('Code") § 56-585.1 A 5, the Rules Governing Utility Rate Applications and Annual Informational Filings[1] of the State Corporation Commission ("Commission"), the Commission's Rules Governing Utility Promotional Allowances,[2] the Commission's Rules Governing Cost/Benefit Measures Required for Demand-Side Management Programs,[3] and the directive contained in Ordering Paragraph (4) of the Commission's May 10, 2018 Final Order in Case No. PUR-2017-00129,[4] filed with the Commission its petition for approval to implement new demand-side management ("DSM") programs and for approval of two updated rate adjustment clauses ("Petition").[5]

In its Petition, the Company requests approval to implement 11 new DSM programs as the Company's "Phase VII" programs, ten of which are "energy efficiency" ("EE") DSM programs and one of which is a "demand response" ("DR") DSM program, as those terms are defined by Code § 56-576.[6] Specifically, Dominion requests that the Commission permit the Company to implement the following proposed DSM programs for the five-year period of July 1, 2019, through June 30, 2024, subject to future extensions as requested by the Company and granted by the Commission:

- Residential Appliance Recycling Program (EE)
- Residential Customer Engagement Program (EE)
- Residential Efficient Products Marketplace Program (EE)
- Residential Home Energy Assessment Program (EE)
- Residential Smart Thermostat Management Program (EE)
- Residential Smart Thermostat Management Program (DR)
- Non-residential Lighting System & Controls Program (EE)
- Non-residential Heating and Cooling Efficiency Program (EE)
- Non-residential Window Film Program (EE)
- Non-residential Small Manufacturing Program (EE)
- Non-residential Office Program (EE)[7]

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[1] 20 VAC 5-201-10 *et seq.*

[2] 20 VAC 5-303-10 *et seq.*

[3] 20 VAC 5-304-10 *et seq.*

[4] *Petition of Virginia Electric and Power Company, For approval to extend an existing demand-side management program and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUR-2017-00129, Doc. Con. Cen. No. 180530060, Final Order (May 10, 2018) ("2017 DSM Proceeding").

[5] Supporting testimony and other documents also were filed with the Petition.

[6] Ex. 2 (Petition) at 7.

[7] *Id.* at 7-8.

The Company proposes a five-year spending cap for the Phase VII programs in the amount of $225.8 million, which is inclusive of operating costs; estimated revenue reductions related to energy efficiency programs ("lost revenues"); common costs; return on capital expenditures; margins on operation and maintenance expenses; and evaluation, measurement and verification costs.[8] Additionally, the Company proposes that spending within the cap be flexible among the Phase VII programs and requests the ability to exceed the spending cap by no more than 5%.[9] The Company further asserts that the total proposed costs of the energy efficiency programs proposed in the Petition will be counted toward the requirement in the 2018 Grid Transformation and Security Act that the Company develop a proposed program of energy efficiency measures with projected costs of no less than an aggregate amount of $870 million between July 1, 2018, and July 1, 2028, including any existing approved energy efficiency programs.[10]

Further, the Company requests approval of an annual update to continue two rate adjustment clauses, Riders C1A and C2A, for the July 1, 2019, through June 30, 2020 rate year ("2019 Rate Year") for recovery of: (i) 2019 Rate Year costs associated with programs previously approved by the Commission in Case No. PUE-2011-00093 ("Phase II programs"),[11] Case No. PUE-2013-00072 ("Phase III programs"),[12] Case No. PUE-2014-00071 ("Phase IV programs"),[13] Case No. PUE-2015-00089 ("Phase V program"),[14] and Case No. PUE-2016-00111 ("Phase VI program");[15] (ii) calendar year 2017 true-up of costs associated with the Company's approved Phase II, Phase III, Phase IV, Phase V, and Phase VI programs; (iii) calendar year 2017 true-up of costs associated with the Company's Electric Vehicle Pilot Program, which was approved by the Commission in Case No. PUE-2011-00014;[16] and (iv) 2019 Rate Year costs associated with the Company's proposed Phase VII programs.[17]

The two key components of the proposed Riders C1A and C2A are the projected revenue requirement, which includes operating expenses that are projected to be incurred during the 2019 Rate Year, and a monthly true-up adjustment, which compares actual costs for the 2017 calendar year to the actual revenues collected during the same period.[18] For Rider C1A, Dominion requests a total revenue requirement of $2,639,124, due to a 2019 Rate Year projected revenue requirement in the amount of $2,712,283, and a monthly true-up adjustment credit of $73,158.[19] For Rider C2A, Dominion requests a total revenue requirement of $45,969,434, which consists of a 2019 Rate Year projected revenue requirement of $50,597,395, and a monthly true-up adjustment credit of $4,627,961.[20] The proposed total revenue requirement for Riders C1A and C2A for the 2019 Rate Year is $48,608,558.[21]

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[8] *Id.* at 8.

[9] *Id.*

[10] *Id.* at 6, 9. *See* Chapter 296 of the 2018 Acts of Assembly, Enactment Clause 15.

[11] *Application of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia,* Case No. PUE-2011-00093, 2012 S.C.C. Ann. Rept. 298, Order (Apr. 30, 2012).

[12] *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2013-00072, 2014 S.C.C. Ann. Rept. 289, Final Order (Apr. 29, 2014).

[13] *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2014-00071, 2015 S.C.C. Ann. Rept. 230, Final Order (Apr. 24, 2015).

[14] *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs, for approval to continue a demand-side management program, and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2015-00089, 2016 S.C.C. Ann. Rept. 275, Final Order (Apr. 19, 2016).

[15] *Petition of Virginia Electric and Power Company, For approval to implement new, and to extend existing, demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2016-00111, 2017 S.C.C. Ann. Rept. 384, Final Order (June 1, 2017).

[16] *Application of Virginia Electric and Power Company, For approval to establish an electric vehicle pilot program pursuant to § 56-234 of the Code of Virginia*, Case No. PUE-2011-00014, 2011 S.C.C. Ann. Rept. 436, Order Granting Approval (July 11, 2011).

[17] Ex. 2 (Petition) at 2, 11, 13.

[18] *Id.* at 12-13.

[19] *Id.* at 14.

[20] *Id.*

[21] *Id*.

For purposes of calculating the 2019 Rate Year projected revenue requirement, the Company utilized a general rate of return on common equity ("ROE") of 9.2%, per the Commission's Final Order in Case No. PUR-2017-00038.[22] For the 2017 calendar year monthly true-up adjustment, the Company has utilized a general ROE of 9.6% for the period of January 1, 2017, through June 30, 2017, which was approved by the Commission in Case No. PUE-2015-00089, an ROE of 9.4% for the period of July 1, 2017, through November 28, 2017, which was approved by the Commission in its Final Order in Case No. PUE-2016-00111, and an ROE of 9.2% for the period of November 29, 2017, through December 31, 2017, which was approved by the Commission in its 2017 ROE Order.[23]

According to the Company, compared to the rates currently in effect, the proposed revenue requirement represents an increase of approximately $2,188,855 for Rider C1A and an increase of approximately $15,689,600 for Rider C2A, for an overall combined increase of approximately $17,878,455 for Riders C1A and C2A.[24] Dominion states that it is not seeking recovery of lost revenues related to energy efficiency programs at this time; however, the Company further states that it is not waiving any right to seek such lost revenues in future proceedings for the 2019 Rate Year.[25]

Dominion proposes that the revised Riders C1A and C2A be applicable for billing purposes with a rate effective date for usage on or after the first day of the month that is at least fifteen days following the issuance of an order by the Commission approving Riders C1A and C2A.[26] If the proposed Riders C1A and C2A for the 2019 Rate Year are approved, the impact on customer bills would depend on the customer's rate schedule and usage. According to the Company, implementation of the proposed Riders C1A and C2A would increase the monthly bill of a residential customer using 1,000 kilowatt hours per month by $0.61.[27] The Company has calculated the proposed Riders C1A and C2A rates in accordance with the same methodology used to calculate the rates approved in the Company's 2017 DSM Proceeding.[28]

On October 16, 2018, the Commission issued an Order for Notice and Hearing that, among other things: docketed the Petition; required Dominion to publish notice of the Petition; gave interested persons the opportunity to comment on, or participate in, the proceeding; and scheduled a public hearing on the Petition.[29]

The following parties filed notices of participation in this proceeding: the Sierra Club; the Virginia Energy Efficiency Council ("VAEEC"); Appalachian Voices and Natural Resources Defense Council ("Environmental Respondents"); Walmart Inc.; and the Office of the Attorney General's Division of Consumer Counsel.

The evidentiary hearing was held on March 20, 2019, in which all parties and the Commission's Staff ("Staff") participated. At the hearing, the Commission received: oral argument on legal issues; testimony from public witnesses, Dominion, Sierra Club, VAEEC, Environmental Respondents, and Staff; and closing arguments.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Phase VII Programs

The Commission approves Dominion's proposed Phase VII programs as filed in the Petition. Senate Bill 966 ("SB 966"), passed during the 2018 Virginia General Assembly regular session,[30] mandates that any energy efficiency program passing three of four specific cost-benefit tests must be found to be "in the public interest" and approved by this Commission.[31] Dominion's proposed Phase VII programs pass three of the four tests;[32] therefore, the law has pre-determined that these programs are in the public interest and that they shall be approved.[33] Accordingly, the programs are approved for the five-year period of July 1, 2019, through June 30, 2024, subject to future extensions as requested by the Company and granted by the Commission.

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[22] *Id.* at 11. *See Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses*, Case No. PUR-2017-00038, 2017 S.C.C. Ann. Rept. 475, Final Order (Nov. 29, 2017) ("2017 ROE Order").

[23] Ex. 2 (Petition) at 11-12.

[24] Ex. 4 (Lecky Direct) at 10-11.

[25] Ex. 2 (Petition) at 13.

[26] *Id*. at 14.

[27] *Id*. at 15.

[28] *Id.* at 12.

[29] The Commission also issued a Correcting Order on October 25, 2018.

[30] 2018 Va. Acts Ch. 296. SB 966 was signed into law by the Governor on March 9, 2018.

[31] *See* Code § 56-576 ("'In the public interest,' . . . describes an energy efficiency program . . . [that passes] not less than any three of the following four tests . . . . Such determination shall include an analysis of all four tests, and a program or portfolio of programs shall be approved if the net present value of the benefits exceeds the net present value of the costs as determined by not less than any three of the four tests.").

[32] *See* Ex. 9 (Kesler Direct) at Schedule 2 (corrected). The proposed Residential Smart Thermostat Management Program (DR) also passes the Ratepayer Impact Measure test. *Id.*

[33] In addition, we find that there is evidence to support approving the programs for an initial five-year period as requested by the Company. *See, e.g.,* Ex. 8 (Hubbard Direct) at 9; Ex. 12 (Gold Direct) at 9; Ex. 23 (Hubbard Rebuttal) at 10-11.

Cost Caps

The Commission approves the spending amounts for the Phase VII programs as proposed in Dominion's Petition. We do not impose any cost cap for any individual program other than the amount of program-specific spending Dominion proposed in its Petition.[34] As discussed further below, Dominion is not seeking lost revenues in this proceeding, and therefore the amounts for each program approved herein should be spent exclusively on programmatic costs, with no portion for any amount of lost revenues.

Evidence of Energy Efficiency Savings

The purpose of DSM programs is to reduce energy usage, either at peak times (demand response and peak shaving) or year-round (energy efficiency). Thus, the true test of any DSM program is whether, *in actual practice*, it is the proximate cause of a verifiable reduction in energy usage. This evidence will be, by definition, retrospective in nature.

We direct that Dominion shall file, in every future rate adjustment clause proceeding under Code § 56-585.1 A 5, evidence of the actual energy savings achieved as a result of each specific program for which cost recovery is sought, along with revised cost-benefit tests that incorporate actual Virginia energy savings and cost data. We further direct Staff to investigate each such filing, to analyze the program-specific evidence on actual energy savings and the proximate cause thereof, and to report on its findings.

This evidence will be relevant to at least two foreseeable issues: (i) identifying the true cost-effectiveness of DSM programs, which will enable the Commission to determine which programs should be expanded in scope and budget so as to maximize the reductions in energy usage, which ones are least effective and should have their budgets shifted to more effective programs, and which ones are not cost-effective and should be discontinued; and (ii) evaluating any claim by Dominion to cost recovery for lost revenues.

Lost Revenues

Dominion is not seeking lost revenues in this proceeding; however, there was a great deal of discussion in this case regarding issues such as when it would be appropriate to consider a request for lost revenues,[35] and whether lost revenues would be recoverable from customers if Dominion was over-earning in base rates even with reduced sales from DSM programs.[36]

While we need not make a definitive ruling in this proceeding, there appears to be a good argument that any claim for lost revenues would be more appropriately considered in the context of a base-rate earnings review, the next of which for Dominion is currently scheduled for 2021.

Enactment Clause 15

Enactment Clause 15 of SB 966 states in part as follows:

> That each Phase I Utility and Phase II Utility, as such terms are defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, shall develop a proposed program of energy conservation measures. . . . The projected costs for the utility to design, implement, and operate such energy efficiency programs, including a margin to be recovered on operating expenses, shall be no less than an aggregate amount of $140 million for a Phase I Utility and $870 million for a Phase II Utility for the period beginning July 1, 2018, and ending July 1, 2028, including any existing approved energy efficiency programs. In developing such portfolio of energy efficiency programs, each utility shall utilize a stakeholder process, to be facilitated by an independent monitor compensated under the funding provided pursuant to subdivision E of § 56-592.1 of the Code of Virginia, to provide input and feedback on the development of such energy efficiency programs. . . .

Dominion argues that it can count lost revenues towards its obligation to propose $870 million in DSM programs as set forth in Enactment Clause 15.[37] Environmental Respondents, VAEEC, and the Sierra Club, however, assert that lost revenues cannot count towards the Company's $870 million obligation and ask the Commission to so rule as part of this proceeding.[38] Since, as discussed above, Dominion is not seeking lost revenues herein, and we find that a good argument can be made that lost revenues should only be considered in the context of a base-rate earnings review, the Commission need not decide this question at this time. We note, however, that between now and the 2021 earnings review, the General Assembly, which passed SB 966 just last year, will have ample opportunity to clarify its legislative intent with regard to Enactment Clause 15.[39]

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[34] The Commission does not approve a "portfolio" spending amount; the Company may only spend the specific amount approved for each individual program.

[35] *See, e.g.,* Tr. 35-47.

[36] *See, e.g.,* Tr. 164-166.

[37] *See, e.g.,* Tr. 22, 28-35; Legal Memorandum of Virginia Electric and Power Company, filed March 1, 2019.

[38] *See, e.g.,* Tr. 57-60, 61-71, 73-76; Sierra Club's Legal Memorandum on Lost Revenue, filed March 15, 2019; Legal Memorandum of the Virginia Energy Efficiency Council, filed March 15, 2019; Environmental Respondents' Response to Virginia Electric and Power Company's Legal Memorandum, filed March 15, 2019.

[39] Environmental Respondents and the Sierra Club also request that the Commission require Dominion to develop a long-term DSM strategic plan. *See, e.g.,* Ex. 11 (Woolf/Malone) at 27-28; Ex. 13 (Grevatt) at 16-18; Tr. 94-96. As quoted above, however, Enactment Clause 15 already requires a specific stakeholder process that must be utilized by the Company in developing its portfolio of energy efficiency programs.

Riders C1A, C2A, and C3A

Code § 56-585.1 A 5 c was modified by SB 966 to provide that "[n]one of the costs of *new* energy efficiency programs … shall be assigned to any *large general service* customer" (emphasis added). As noted by Staff, however, the Company's Petition inappropriately exempted large general service customers from the costs of *all* energy efficiency programs, instead of just the *new* ones.[40] In order to address this issue, the Company proposed – and the Commission herein approves – an additional rider, Rider C3A, "which will reflect the rates associated with the proposed Phase VII programs, and any new energy efficiency programs approved in future cases."[41]

Pursuant to Code § 56-585.1 A 5, the Commission approves the Company's corrected total revenue requirement of $49,119,907 for Riders C1A, C2A, and C3A for the 2019 Rate Year.[42] For purposes of the instant case, however, the revenue requirement shall be limited to $48,608,558, which was the total amount noticed in this proceeding.[43]

Accordingly, IT IS ORDERED THAT:

(1) The Petition is granted as set forth herein.

(2) The Company forthwith shall file revised tariffs, designed to recover $48,608,558, for Riders C1A, C2A, and C3A, and terms and conditions of service and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth herein.

(3) Riders C1A, C2A, and C3A as approved herein shall become effective for usage on and after July 1, 2019.

(4) Consistent with Code § 56-585.1 A 5, the Company shall file its application to continue Riders C1A, C2A, and C3A no later than October 3, 2019.

(5) Consistent with the Commission's directives in prior cases, the Company shall continue to submit: (a) annual evaluation, measurement and verification reports; and (b) as part of every DSM filing, an exhibit similar to Exhibit 5 in Case No. PUE-2013-00072.

(6) In every future rate adjustment clause proceeding under Code § 56-585.1 A 5, Dominion shall submit evidence of the actual energy savings achieved by each program for which cost recovery is sought.

(7) This matter is continued.

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[40] *See, e.g.,* Ex. 16 (Dalton) at 6-8.

[41] Ex. 34 (Stephens Rebuttal) at 2.

[42] *See, e.g.,* Ex. 32 (Lecky Rebuttal) at 3-4 and Rebuttal Schedule 1.

[43] As noted by the Company, the revenue requirement difference can be addressed as part of a subsequent true-up proceeding. Ex. 32 (Lecky Rebuttal) at 4.

CASE NO. PUR-2018-00169
JANUARY 30, 2019

APPLICATION OF
UNIFIED ENERGY SERVICES, LLC

For a license to conduct business as an aggregator of electricity and natural gas

ORDER GRANTING LICENSE

On December 3, 2018, Unified Energy Services, LLC ("Unified" or "Company"), completed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator of electricity and natural gas ("Application").[1] The Company seeks authority to provide aggregation services to eligible commercial and industrial customers throughout the Commonwealth of Virginia.[2] Unified 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.[3]

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[1] The Company filed its Application on October 4, 2018, and the Commission's Staff ("Staff') deemed it incomplete on October 5, 2018. The Company filed supplemental information on December 3, 2018, completing its Application. The Company also filed financial documents previously marked as confidential to reclassify the documents as public documents.

[2] Although Unified seeks to serve customers throughout the Commonwealth of Virginia, retail choice exists only in the service territories of Washington Gas Light Company, Columbia Gas of Virginia, Inc., Virginia Electric and Power Company d/b/a Dominion Energy Virginia, Appalachian Power Company, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under FERC authority since the mid-1980s.

[3] 20 VAC 5-312-10 *et seq*. ("Retail Access Rules").

On December 11, 2018, the Commission issued an Order for Notice and Comment ("Notice Order"), which, among other things, directed Unified to serve a copy of the Notice Order upon appropriate utilities; provided an opportunity for interested persons to file written comments on the Application; directed the Staff to analyze the Application and present its findings in a report ("Staff Report"); and appointed a Hearing Examiner to rule on discovery matters arising during the course of this proceeding.

On December 18, 2018, Unified filed proof of service. On January 3, 2019, comments to the Application were filed by Virginia Electric and Power Company and Kentucky Utilities Company d/b/a Old Dominion Power Company.

On January 9, 2019, a Staff Report was filed which summarized Unified's Application, and the comments filed, and provided an evaluation of Unified's financial and technical fitness. Staff recommended that a license be granted to Unified for the provision of electricity aggregation and natural gas aggregation services to commercial and industrial customers throughout the service territories open to competition in the Commonwealth of Virginia.[4] No response to the Staff Report was filed.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and the applicable law, finds that Unified's Application for a license to conduct business as an aggregator of electricity and natural gas to commercial and industrial customers in the Commonwealth of Virginia where retail choice exists should be granted, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) Unified hereby is granted License No. A-62 to provide competitive aggregation service for electricity and natural gas to eligible commercial and industrial customers in the Commonwealth of Virginia where retail choice exists. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

[4] Staff Report at 5.

CASE NO. PUR-2018-00171
MARCH 27, 2019

APPLICATION OF
BIDURENERGY, INC.

For a license to conduct business as an aggregator of electricity and natural gas

ORDER GRANTING LICENSE

On February 8, 2019, BidURenergy, Inc. ("BidURenergy" or "Company"), completed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator for electricity and natural gas ("Application"). In its Application, BidURenergy seeks authority to serve eligible commercial, industrial, and governmental customers in the service territories of Washington Gas Light Company ("WGL") and Columbia Gas of Virginia, Inc. ("CVA").[1] BidURenergy also seeks authority to serve eligible commercial, industrial, and governmental customers in the service territories of A & N Electric Cooperative, Appalachian Power Company ("APCo"), BARC Electric Cooperative, Craig-Botetourt Electric Cooperative, Community Electric Cooperative, Central Virginia Electric Cooperative; Mecklenburg Electric Cooperative; Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Southside Electric Cooperative, Shenandoah Valley Electric Cooperative, and Virginia Electric and Power Company ("Dominion").[2] The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").[3]

On February 14, 2019, the Commission entered an Order for Notice and Comment, which, among other things, docketed the case; required BidURenergy to serve a copy of the Order for Notice and Comment upon appropriate persons and file proof of such service with the Clerk of the Commission on or before March 1, 2019 ("Proof of Service"); provided for the receipt of comments from the public; required Commission Staff ("Staff") to analyze the reasonableness of the Application and present its findings and recommendations in a report ("Staff Report"); and provided an opportunity for participants to file a response to the Staff Report.

The Proof of Service was received at the Commission on March 1, 2019, but, due to administrative error, was delivered to the Commission's Division of Public Utility Regulation rather than to the Clerk of the Commission.

Comments were filed by Dominion and APCo on March 7, 2019, and March 8, 2019, respectively.

[1] Retail choice for natural gas service only exists in the service territories of WGL and CVA. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under FERC authority since the mid-1980s.

[2] Retail choice for electric service exists only as set forth in the Code of Virginia and only in the service territories of APCo, Dominion, and the electric cooperatives.

[3] 20 VAC 5-312-10 *et seq.*

On March 13, 2019, the Staff filed its Staff Report, which summarized BidURenergy's Application and evaluated its financial and technical fitness. Staff recommended that a license be granted to BidURenergy to conduct business as an aggregator of natural gas and electricity to commercial, industrial, and governmental customers in the requested service territories.

NOW THE COMMISSION, upon consideration of the Application, the comments filed by Dominion and APCo, the Staff Report, and applicable law, finds that BidURenergy's Application for a license to conduct business as an aggregator of electricity and natural gas to commercial, industrial, and governmental customers in the service territories of WGL, CVA, A & N Electric Cooperative, APCo, BARC Electric Cooperative, Craig-Botetourt Electric Cooperative, Community Electric Cooperative, Central Virginia Electric Cooperative; Mecklenburg Electric Cooperative; Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Southside Electric Cooperative, Shenandoah Valley Electric Cooperative, and Dominion should be granted, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) BidURenergy is hereby granted License No. A-65 to provide competitive aggregation service for electricity and natural gas to eligible commercial, industrial, and governmental customers in the service territories listed herein. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

CASE NO. PUR-2018-00172
FEBRUARY 7, 2019

APPLICATION OF
RIVERSTREET COMMUNICATIONS OF VIRGINIA, INC.

For designation as an eligible telecommunications carrier

FINAL ORDER

On October 12, 2018, RiverStreet Communications of Virginia, Inc. ("RiverStreet" or "Company"),[1] filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to 47 U.S.C. § 214(e) and 47 C.F.R. §§ 54.101 – 54.422 seeking designation as an eligible telecommunications carrier ("ETC") to receive federal universal service fund ("USF") support.[2] Specifically, RiverStreet requested to be designated as an ETC for Connect America Fund ("CAF")[3] USF support for portions of the counties of Bedford, Brunswick, Campbell, Charlotte, Halifax, King and Queen, Lunenburg, Mecklenburg, and Pittsylvania, Virginia, covering specific census blocks awarded by the Federal Communications Commission ("FCC") in a recent CAF Phase II auction ("CAF Auction").[4] RiverStreet also requested ETC designation to qualify for federal low income ("Lifeline") USF support for providing services to low income customers in the designated CAF census blocks.[5]

RiverStreet is a competitive local exchange carrier ("CLEC") authorized to provide local exchange telecommunications services in the Commonwealth of Virginia pursuant to a certificate of public convenience and necessity issued by the Commission.[6] According to the Application, RiverStreet's parent company, Wilkes Telephone Membership Corporation, participated in the CAF Auction, and has "divided" the Virginia winning bid to its wholly owned subsidiary, RiverStreet.[7] According to the Company, after the Commission designates RiverStreet as an ETC, the Company will be eligible to receive more than $32.1 million over a ten-year period in USF high cost support to install fiber networks capable of providing stand-alone voice plus broadband and other advanced services.[8] RiverStreet also stated that it will begin offering Lifeline benefits for low income customers upon receiving ETC designation.[9]

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[1] RiverStreet filed its application under the name RiverStreet Communication of VA, Inc. A review of the Commission's records revealed the Company's legal and certificated name to be RiverStreet Communications of Virginia, Inc. *See* Staff Report at 1.

[2] Application at 1.

[3] Also known as the high-cost program.

[4] Application at 2, 6, and Attachment A.

[5] *Id.* at 4.

[6] *Id.* at 2. *See Application of RiverStreet Communications of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia*, Case No. PUC-2015-00049, 2016 S.C.C. Ann. Rept. 162, Final Order (Feb. 26, 2016).

[7] *Id.* at 1-2.

[8] *Id*. at 4.

[9] *Id.* at 4, 8.

In support of its Application, RiverStreet stated that it will offer the services required by 47 U.S.C. § 254(c) and 47 C.F.R. § 54.101(a), and that the Company will meet the additional requirements imposed on an ETC by the FCC for CAF and Lifeline support.[10]

On November 7, 2018, the Commission issued an Order for Notice and Comment that among other things, directed RiverStreet to provide notice of its Application to local exchange carriers ("LECs") certificated to provide service in Virginia; established a schedule by which LECs and other interested parties could file comments, objections, or requests for hearing on RiverStreet's Application; and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report").

No one filed comments, objections, or a request for hearing on RiverStreet's Application. On December 7, 2018, a Staff Report was filed in which Staff detailed its review of the Application, including the specific telephone exchanges within the census blocks to be served by RiverStreet pursuant to the CAF Auction.[11] Staff noted that while RiverStreet was not the first CLEC to request ETC designation to provide Lifeline service, RiverStreet is the first CLEC to request ETC designation to receive USF high-cost support.[12] Staff did not oppose the granting of RiverStreet's request but recommended that the Commission condition any approval herein on the following:

- RiverStreet should file or update necessary tariffs or product guides for Lifeline services consistent with the requirements of the FCC.
- RiverStreet should provide a copy of all its Universal Service Administrative Company ("USAC") annual reports and build-out milestone certifications, as well as data on the locations where service is available, whether public or confidential to the Division of Public Utility Regulation.
- RiverStreet should be required to provide the annual notarized Affidavit required by Case No. PUC-2001-00172. This affidavit is submitted to support the Virginia SCC's certification of the use of federal universal service funds as required by 47 U.S.C § 254(e) and 47 C.F.R. §§ 54.313 and 54.314.
- RiverStreet should be directed to comply with all requirements and criteria of the FCC, USAC, and the [CAF Auction].[13]

On December 14, 2018, RiverStreet filed its response to the Staff Report in which the Company stated that it will meet all four conditions proposed in the Staff Report.[14] Accordingly, RiverStreet requested that the Commission enter an Order granting the Company's Application.[15]

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that RiverStreet's Application requesting that the Company be designated as an ETC for CAF USF support for portions of the counties of Bedford, Brunswick, Campbell, Charlotte, Halifax, King and Queen, Lunenburg, Mecklenburg, and Pittsylvania, Virginia, covering specific census blocks awarded in the FCC's CAF Auction, and as an ETC for Lifeline USF support in the same areas, should be granted, subject to the conditions imposed herein as recommended by Staff.

Accordingly, IT IS ORDERED THAT:

(1) RiverStreet's Application requesting ETC designation to receive USF CAF Auction and Lifeline support for services provided in the specific areas described in its Application is hereby granted.

(2) RiverStreet shall file or update necessary tariffs or product guides for Lifeline services consistent with the requirements of the FCC.

(3) RiverStreet shall provide a copy of all its USAC annual reports and build-out milestone certifications, as well as data on the locations where service is available, whether public or confidential, to the Commission's Division of Public Utility Regulation.

(4) RiverStreet shall provide to the Commission's Division of Public Utility Regulation an annual notarized affidavit on the Company's use of federal USF support in the form required by Case No. PUC-2001-00172.

(5) RiverStreet shall comply with all requirements and criteria of the FCC, USAC, and the CAF Auction.

(6) This case is dismissed.

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[10] *Id.* at 4-7.

[11] Staff Report 3-4.

[12] *Id.* at 2.

[13] *Id.* at 4; *see Petition of Virginia Telecommunications Industry Association, For the establishment of formal procedures for annual certification of use of federal universal support in accordance with 47 C.F.R. §§ 54.313 and .314,* Case No. PUC-2001-00172, Preliminary Order (Aug. 29, 2001).

[14] RiverStreet Response at 1-2.

[15] *Id.* at 2.

CASE NO. PUR-2018-00175
JANUARY 30, 2019

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For a general increase in rates

ORDER FOR NOTICE AND HEARING

On November 2, 2018, Virginia-American Water Company ("Virginia-American" or "Company") filed with the State Corporation Commission ("Commission") an application for a general increase in rates, together with testimonies and exhibits, and certain schedules filed under seal pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules of Practice")[1] ("Application").[2] The Company filed its Application pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code")[3] and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings.[4] Virginia-American also filed a Motion for Protective Ruling in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice.

The Company requests authority to increase its rates to produce additional annual jurisdictional sales revenues of $5.6 million, or a 10.67% increase over present pro forma revenues.[5] Virginia-American states that this increase includes an annual water service rate increase of $6,024,348, or 14.48%, and a wastewater service rate decrease of $409,739, or 3.73%.[6] The Company indicates that this rate request is based on a 10.8% proposed return on equity.[7]

Virginia-American asserts that, consistent with the requirements of Code § 56-235.11, the Company is proposing consolidated tariff pricing ("CTP") in its Application for its water service rates.[8] Virginia-American states that implementation of CTP will benefit its customers by promoting long-term rate stability, improving the affordability of water service for all customers, supporting implementation of investments to improve water quality, supporting investment in smaller water systems throughout the Commonwealth, promoting economic development, and lowering administrative and regulatory costs.[9] The Company proposes that full equalization of CTP cost-based rates take place over a three-year period beginning on May 1, 2019, the effective date of interim rates in this proceeding.[10] The Company asserts that the subsequent annual rate changes associated with the transition to CTP will be revenue-neutral and requests that the Commission notice and approve the Company's full implementation of the proposed CTP and authorize the Company to implement the proposed CTP over the three-year period without any additional approval from the Commission after a final order in this proceeding.

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[1] 5 VAC 5-20-10 *et seq.*

[2] Virginia-American filed a revised Schedule 42 on December 3, 2018, filed updates to Schedules 41, 42, and 43 on January 8, 2019, and filed updates to Schedules 9, 11, 12, 14, 16, 17, 18, 19, 21, 22, 24, 25, 27, 28, 36, 40, 41, 42, and 43 on January 14, 2019.

[3] Code § 56-232 *et seq*.

[4] 20 VAC 5-201-10 *et seq*.

[5] Updated Schedules filed on January 14, 2019.

[6] *Id.*

[7] *Id.*

[8] *Id.* at 3.

[9] *Id.*

[10] *Id.* Virginia-American states that the next two rate changes will take place each year thereafter, reaching fully consolidated rates on May 1, 2021, which the Company asserts provides a reasonable, gradual transition from current rates to CTP rates. *Id.* at 3-4.

Virginia-American states that, in its most recent rate case,[11] the Commission approved the Company's water and wastewater infrastructure service charge ("WWISC") as a pilot program in the Alexandria District to further the acceleration of infrastructure renewal.[12] Virginia-American represents that, under the WWISC pilot, the Company will have replaced 4.3 miles of infrastructure as of December 31, 2018.[13] Virginia-American requests that the Commission remove the pilot designation and permit the Company to expand the WWISC to include its Hopewell, Prince William Water and Wastewater, and Eastern Districts.[14] The Company indicates that it is making this request due to the success of the WWISC pilot program, and that the request is consistent with Code § 56-235.11 and the Company's proposal for CTP.[15] Virginia-American requests approval to expand the WWISC to its entire system beginning on May 1, 2020, following the conclusion of the rate year in this proceeding.[16] The Company represents that it will seek Commission approval of the investment to be included in the WWISC Rider and an associated rate through a separate application.[17]

Virginia-American states that the Commission approved its current WWISC Rider to include WWISC-eligible investment from April 1, 2017, through December 31, 2018, and effective for service rendered on and after March 1, 2018.[18] The Company indicates that its proposed WWISC tariff provides that the Company will reset the WWISC Rider to zero when new base rates are implemented by rolling the WWISC investment into base rates.[19] Accordingly, Virginia-American represents that the current WWISC will end once the Company implements its interim rates that it proposes to be effective for service rendered on and after May 1, 2019.[20]

The Company states that the Commission issued an order on January 8, 2018 ("Tax Order")[21] that directed Virginia-American, as a utility subject to the Tax Cuts and Jobs Act of 2017 ("TCJA"), to "accrue regulatory liabilities reflecting the Virginia jurisdictional revenue requirement impacts of the reduced corporate income tax rate." The Company indicates that the Tax Order also required Virginia-American to provide certain information related to the impacts of the TCJA on its cost of service.[22] Virginia-American asserts that it has incorporated the information required by the Tax Order in its testimony and schedules supporting its Application in this proceeding.[23]

The Company states that it believes it is appropriate to remove piping that has lead from both the Company-owned portion of the lead service lines ("LSL") and the customer-owned portions of the LSLs.[24] Virginia-American proposes full replacement of the LSLs, rather than partial replacement, where possible, in conjunction with main replacement.[25] The Company asserts that customer-owned LSL replacement costs are includable in the Company's rate base for ratemaking purposes.[26]

On October 24, 2018, the Company filed the Motion of Virginia-American Water Company for Waiver of Requirement to File Annual Informational Filing ("Waiver Motion"). In its Waiver Motion, the Company requested that the Commission waive the requirement that the Company file an Annual Informational Filing for the test year ended June 30, 2018, as the Company intended to use the same test year for its Application in this proceeding. The Company represented that the Commission's Staff ("Staff") does not oppose the Waiver Motion.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; Virginia-American should provide public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Application; interested persons should have an opportunity to file comments on the Application or participate as a respondent in this proceeding; and the Staff should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We find that the Company's Waiver Motion should be granted.

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[11] *Application of Virginia-American Water Company, For a general increase in rates*, Case No. PUE-2015-00097, 2017 Ann. Rept. 288, Final Order (May 24, 2017).

[12] Application at 4.

[13] *Id.*

[14] *Id.*at 5.

[15] *Id.* at 4-5.

[16] *Id.* at 5.

[17] *Id.*

[18] *Id. See Application of Virginia-American Water Company, For approval to implement a Water and Wastewater Infrastructure Service Charge Plan and Rider*, Case No. PUR-2017-00149, Doc. Con. Cen. No. 180320061, Order Approving WWISC Plan and Rider (Mar. 13, 2018).

[19] Application at 5.

[20] *Id.*

[21] *See Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Regulatory Accounting related to the federal Tax Cuts and Jobs Act of 2017*, Case No. PUR-2018-00005, Doc. Con. Cen. No. 180110073, Order (Jan. 8, 2018).

[22] Application at 6.

[23] *Id.*

[24] *Id.* at 6-7.

[25] *Id.* at 6.

[26] *Id.* at 7.

We also find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

Pursuant to Code § 56-238, the Commission will direct the Company to provide a bond to ensure prompt refund of any excess rates or charges.

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before Hearing Examiners*, of the Commission's Rules of Practice,[27] a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission.

(2) Virginia-American may place its proposed rates into effect on an interim basis, subject to refund with interest, effective May 1, 2019.

(3) On or before February 19, 2019, Virginia-American shall file a bond with the Commission in the amount of $5.6 million payable to the Commission and conditioned to ensure the prompt refund by the Company to those entitled thereto of all amounts that the Company shall collect in excess of such rates and charges as the Commission may finally fix and determine.

(4) A public hearing on the Application shall be convened on August 27, 2019, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Staff. Any person desiring to offer testimony as a public witness at this hearing should appear in the Commission's courtroom fifteen (15) minutes prior to the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

(5) The Company shall make copies of the public version of its Application, 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, Timothy E. Biller, Esquire, Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the public version of all documents also shall be available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

(6) On or before February 12, 2019, the Company shall cause the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territory in Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
VIRGINIA-AMERICAN WATER COMPANY,
FOR A GENERAL INCREASE IN RATES
CASE NO. PUR-2018-00175

- **Virginia-American Water Company ("Virginia-American") has applied for authority for a general increase in rates.**
- **Virginia-American requests an increase to its total revenue requirement of $5.6 million.**
- **A Hearing Examiner appointed by the Commission will hear the case on August 27, 2019, at 10 a.m.**
- **Further information about this case is available on the State Corporation Commission's website at: http://www.scc.virginia.gov/case.**

On November 2, 2018, Virginia-American Water Company ("Virginia-American" or "Company") filed with the State Corporation Commission ("Commission") an application for a general increase in rates, together with testimonies and exhibits, and certain schedules filed under seal pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure ("Rules of Practice") ("Application"). The Company filed its Application pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings. Virginia-American also filed a Motion for Protective Ruling in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice.

The Company requests authority to increase its rates to produce additional annual jurisdictional sales revenues of $5.6 million, or a 10.67% increase over present pro forma revenues. Virginia-American states that this increase includes an annual water service rate increase of $6,024,348, or 14.48%, and a wastewater service rate decrease of $409,739, or 3.73%. The Company indicates that this rate request is based on a 10.8% proposed return on equity.

[27] 5 VAC 5-20-10 *et seq.*

The proposed rates for the **Prince William Wastewater District** are as follows:

METERED RATE:

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.52000

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter		Minimum Charge Per Month
5/8	inch	$ 20.00
3/4	inch	30.00
1	inch	50.00
1 1/2	inch	100.00
2	inch	160.00
3	inch	300.00
4	inch	500.00

UNMETERED PER CONNECTION: $35.47 Per Month

Virginia-American asserts that, consistent with the requirements of Code § 56-235.11, the Company is proposing consolidated tariff pricing ("CTP") in its Application for its water service rates. Virginia-American states that implementation of CTP will benefit its customers by promoting long-term rate stability, improving the affordability of water service for all customers, supporting implementation of investments to improve water quality, supporting investment in smaller water systems throughout the Commonwealth, promoting economic development, and lowering administrative and regulatory costs. The Company proposes that full equalization of CTP cost-based rates take place over a three-year period beginning on May 1, 2019, the effective date of interim rates in this proceeding. The Company asserts that the subsequent annual rate changes associated with the transition to CTP will be revenue-neutral and requests that the Commission notice and approve the Company's full implementation of the proposed CTP and authorize the Company to implement the proposed CTP over the three-year period without any additional approval from the Commission after a final order in this proceeding.

The proposed rates for Year 1 for the **Alexandria District** are as follows:

RATE YEAR 1:
RESIDENTIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.45247

COMMERCIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.26767

INDUSTRIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	7,480,000	$.39835
For all over	7,480,000	$.14447

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter		Minimum Charge Per Month
5/8	inch	$ 15.00
3/4	inch	22.50
1	inch	37.50
1 1/2	inch	75.00
2	inch	120.00
3	inch	225.00
4	inch	375.00
6	inch	750.00
8	inch	1,200.00

The proposed rates for Year 1 for potable water in the **Hopewell District** are as follows:

RATE YEAR 1:
RESIDENTIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.88189

COMMERCIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.57927

INDUSTRIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	7,480,000	$.39835
For all over	7,480,000	$.14447

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter		Minimum Charge Per Month
5/8	inch	$ 15.00
3/4	inch	22.50
1	inch	37.50
1 1/2	inch	75.00
2	inch	120.00
3	inch	225.00
4	inch	375.00
6	inch	750.00
8	inch	1,200.00
10	inch	1,650.00
12	inch	3,225.00

The proposed rates for Year 1 for non-potable water in the **Hopewell District** are as follows:

Average usage >3 million gallons per day

	Gallons Per Month	Rate Per 100 Gallons
For the first	7,480,000	$.19286
For all over	7,480,000	$.13000

Average usage <3 million gallons per day

	Gallons Per Month	Rate Per 100 Gallons
For the first	7,480,000	$.24676
For all over	7,480,000	$.18041

The proposed rates for Year 1 for the **Prince William Water District** are as follows:

RATE YEAR 1:
RESIDENTIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.63649

COMMERCIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.48306

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter		Minimum Charge Per Month
5/8	inch	$ 15.00
3/4	inch	22.50
1	inch	37.50
1 1/2	inch	75.00
2	inch	120.00
3	inch	225.00
4	inch	375.00
6	inch	750.00
8	inch	1,200.00
10	inch	1,650.00
12	inch	3,225.00

The proposed rates for Year 1 for the **Eastern District** are as follows:

RATE YEAR 1:
RESIDENTIAL

Monthly	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	Minimum Charge
All Over	2,000	$1.45388

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter		Monthly
5/8	inch	$ 45.00
3/4	inch	45.00
1	inch	45.00
1 1/2	inch	75.00
2	inch	120.00
3	inch	225.00
4	inch	375.00
6	inch	750.00
8	inch	1,200.00

The proposed rates for Year 2 for the **Alexandria District** are as follows:

RATE YEAR 2:
RESIDENTIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.58287

COMMERCIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.29523

INDUSTRIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	7,480,000	$.35436
For all over	7,480,000	$.12852

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter		Minimum Charge Per Month
5/8	inch	$ 15.00
3/4	inch	22.50
1	inch	37.50
1 1/2	inch	75.00
2	inch	120.00
3	inch	225.00
4	inch	375.00
6	inch	750.00
8	inch	1,200.00

The proposed rates for Year 2 for potable water in the **Hopewell District** are as follows:

RATE YEAR 2:
RESIDENTIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.79726

COMMERCIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.45080

INDUSTRIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	7,480,000	$.35436
For all over	7,480,000	$.12852

The proposed rates for Year 2 for non-potable water in the **Hopewell District** are as follows:

Average usage >3 million gallons per day

	Gallons Per Month	Rate Per 100 Gallons
For the first	7,480,000	$.17906
For all over	7,480,000	$.12069

Average usage <3 million gallons per day

	Gallons Per Month	Rate Per 100 Gallons
For the first	7,480,000	$.20945
For all over	7,480,000	$.15314

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter		Minimum Charge Per Month
5/8	inch	$ 15.00
3/4	inch	22.50
1	inch	37.50
1 1/2	inch	75.00
2	inch	120.00
3	inch	225.00
4	inch	375.00
6	inch	750.00
8	inch	1,200.00
10	inch	1,650.00
12	inch	3,225.00

The proposed rates for Year 2 for the **Prince William Water District** are as follows:

RATE YEAR 2:
RESIDENTIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.67474

COMMERCIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.40276

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter		Minimum Charge Per Month
5/8	inch	$ 15.00
3/4	inch	22.50
1	inch	37.50
1 1/2	inch	75.00
2	inch	120.00
3	inch	225.00
4	inch	375.00
6	inch	750.00
8	inch	1,200.00
10	inch	1,650.00
12	inch	3,225.00

The proposed rates for Year 2 for the **Eastern District** are as follows:

RATE YEAR 2:
RESIDENTIAL

Monthly	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
All Over	2,000	$1.25510

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter		Monthly
5/8	inch	$ 30.00
3/4	inch	30.00
1	inch	37.50
1 1/2	inch	75.00
2	inch	120.00
3	inch	225.00
4	inch	375.00
6	inch	750.00
8	inch	1,200.00

The proposed rates for potable water for Year 3, All Water territories are as follows:

RATE YEAR 3:
RESIDENTIAL

	Gallons Per Month	Rate Per 1,00 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.71288

COMMERCIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	2,000	(minimum charge)
For all over	2,000	$.32270

INDUSTRIAL

	Gallons Per Month	Rate Per 100 Gallons
For the first	7,480,000	$.31050
For all over	7,480,000	$.11261

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter		Minimum Charge Per Month
5/8	inch	$ 15.00
3/4	inch	22.50
1	inch	37.50
1 1/2	inch	75.00
2	inch	120.00
3	inch	225.00
4	inch	375.00
6	inch	750.00
8	inch	1,200.00
10	inch	1,650.00
12	inch	3,225.00

The proposed rates for Year 3 for non-potable water in the **Hopewell District** are as follows:

Average usage >3 million gallons per day

	Gallons Per Month	Rate Per 100 Gallons
For the first	7,480,000	$.16530
For all over	7,480,000	$.11142

Average usage <3 million gallons per day

	Gallons Per Month	Rate Per 100 Gallons
For the first	7,480,000	$.17226
For all over	7,480,000	$.12594

The proposed charge for installation of a ¾" Water Service Connection are as follows:

Charge for a 3/4" Service Installation, before tax

District	Rate Year 1	Rate Year 2	Rate Year 3
Alexandria	$7,430.00	$5,081.00	$2,731.00
Hopewell	$870.00	$1,801.00	$2,731.00
Prince William	$1,765.00	$2,248.00	$2,731.00
Eastern	$860.00	$1,796.00	$2,731.00

Virginia-American states that, in its most recent rate case, the Commission approved the Company's water and wastewater infrastructure service charge ("WWISC") as a pilot program in the Alexandria District to further the acceleration of infrastructure renewal. Virginia-American represents that, under the WWISC pilot, the Company will have replaced 4.3 miles of infrastructure as of December 31, 2018. Virginia-American requests that the Commission remove the pilot designation and permit the Company to expand the WWISC to include its Hopewell, Prince William Water and Wastewater, and Eastern Districts. The Company indicates that it is making this request due to the success of the WWISC pilot program, and that the request is consistent with Code § 56-235.11 and the Company's proposal for CTP. Virginia-American requests approval to expand the WWISC to its entire system beginning on May 1, 2020, following the conclusion of the rate year in this proceeding. The Company represents that it will seek Commission approval of the investment to be included in the WWISC Rider and an associated rate through a separate application.

Virginia-American states that the Commission approved its current WWISC Rider to include WWISC-eligible investment from April 1, 2017, through December 31, 2018, and effective for service rendered on and after March 1, 2018. The Company indicates that its proposed WWISC tariff provides that the Company will reset the WWISC Rider to zero when new base rates are implemented by rolling the WWISC investment into base rates. Accordingly, Virginia-American represents that the current WWISC will end once the Company implements its interim rates that it proposes to be effective for service rendered on and after May 1, 2019.

The Company states that the Commission issued an order on January 8, 2018 ("Tax Order") that directed Virginia-American, as a utility subject to the Tax Cuts and Jobs Act of 2017 ("TCJA"), to "accrue regulatory liabilities reflecting the Virginia jurisdictional revenue requirement impacts of the reduced corporate income tax rate." The Company indicates that the Tax Order also required Virginia-American to provide certain information related to the impacts of the TCJA on its cost of service. Virginia-American asserts that it has incorporated the information required by the Tax Order in its testimony and schedules supporting its Application in this proceeding.

The Company states that it believes it is appropriate to remove piping that has lead from both the Company-owned portion of the lead service lines ("LSL") and the customer-owned portions of the LSLs. Virginia-American proposes full replacement of the LSLs, rather than partial replacement, where possible, in conjunction with main replacement. The Company asserts that customer-owned LSL replacement costs are includable in the Company's rate base for ratemaking purposes.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals.

TAKE NOTICE that the Commission may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents and thus may adopt rates that differ from those appearing in the Company's Application and supporting documents.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing on August 27, 2019, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony from members of the public and evidence related to the Application from the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness at this hearing should appear fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

The public version of the Company's Application, as well as the Commission's Order for Notice and Hearing, are 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, Timothy E. Biller, Esquire, Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074. If acceptable to the requesting party, the Company may provide the documents by electronic means.

Copies of the public version of the Application and other documents filed in this case also are available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

On or before August 13, 2019, any interested person wishing to comment on the Company's Application shall file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to file comments electronically may do so on or before August 13, 2019, by following the instructions on the Commission's website: http://www.scc.virginia.gov/case. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUR-2018-00175.

On or before April 9, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address above. A copy of the notice of participation as a respondent also must be sent to counsel for the Company at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2018-00175.

On or before May 28, 2019, each respondent may file with the Clerk of the Commission, and serve on the Commission's Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address above. In all filings, respondents shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service,* and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2018-00175.

All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The Commission's Rules of Practice may be viewed at http://www.scc.virginia.gov/case. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address above.

VIRGINIA-AMERICAN WATER COMPANY

(7) On or before February 12, 2019, the Company shall serve a copy of this Order for Notice and Hearing on the following officials, to the extent the position exists, in each county, city, and town in which the Company provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city and town; and the county, city, or town attorney. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(8) On or before February 26, 2019, the Company shall file proof of the notice and service required by Ordering Paragraphs (6) and (7), including the name, title, and address of each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(9) On or before August 13, 2019, any interested person may file written comments on the Application with the Clerk of the Commission at the address shown in Ordering Paragraph (8). Any interested person desiring to submit comments electronically may do so on or before August 13, 2019, by following the instructions found on the Commission's website: http://www.scc.virginia.gov/case. Compact discs or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2018-00175.

(10) On or before April 9, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8). The respondent simultaneously shall 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 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2018-00175.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order for Notice and Hearing, a copy of the public version of the Application, and a copy of the public version of all materials filed by the Company with the Commission, unless these materials already have been provided to the respondent.

(12) On or before May 28, 2019, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) and serve on the Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission. In all filings, the respondent shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2018-00175.

(13) The Staff shall investigate the Application. On or before July 16, 2019, Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of its testimony and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to Virginia-American and all respondents.

(14) On or before August 6, 2019, Virginia-American shall file with the Clerk of the Commission: (a) any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page; and (b) a summary not to exceed one page of each direct witness's testimony if not previously included therewith. The Company shall serve a copy of the testimony and exhibits on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (8).

(15) All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(16) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) business days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney if the interrogatory or request for production is directed to the Staff.[28] Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq*.

(17) The Company's Waiver Motion is granted.

(18) This matter is continued.

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[28] The assigned Staff attorney is identified on the Commission's website: http://www.scc.virginia.gov/case, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUR-2018-00175, in the appropriate box.

CASE NO. PUR-2018-00180
JANUARY 30, 2019

JOINT APPLICATION OF
MECKLENBURG ELECTRIC COOPERATIVE and EMPOWER BROADBAND, INC.

For approval of a management services agreement and lease agreement under Chapter 4 of Title 56 of the Code of Virginia

FINAL ORDER

On November 1, 2018, Mecklenburg Electric Cooperative ("MEC" or "Cooperative") and EMPOWER Broadband, Inc. ("EMPOWER") (collectively, "Applicants"), filed their Application for Approval of Affiliate Agreements and Request for Expedited Consideration ("Application") with the State Corporation Commission ("Commission") requesting approval of two affiliate agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").[1] MEC is a not-for-profit Virginia utility and consumer services cooperative supplying retail electric distribution services to approximately 31,000 member-consumers in and around the counties of Pittsylvania, Halifax, Mecklenburg, Charlotte, Lunenburg, Brunswick, Greensville, Southampton, and Sussex, Virginia, and Granville, Person, Northampton, Vance, and Warren, North Carolina.[2] EMPOWER is a wholly owned subsidiary of MEC.[3] The requested affiliate agreements consist of a Management Services Agreement and a Lease Agreement (collectively, "Agreements").[4] According to the Application, approval of the Agreements will permit MEC to provide services to its affiliate to allow EMPOWER to commence the provision of broadband internet access to citizens and businesses in the Cooperative's certificated service territory and the surrounding areas through the Cooperative's unused fiber optic bandwidth.[5] According to the Applicants, the services will be provided as long as and to the extent that the Cooperative's personnel and facilities have available productivity and excess fiber optic bandwidth, respectively, and the relationship is economically beneficial for both parties.[6]

On November 29, 2018, the Virginia Cable Telecommunications Association ("VCTA") filed motions, comments, and a request for expedited consideration of its filings in which VCTA requested that the Commission: (a) permit VCTA to participate as a respondent in this docket addressing the Application; (b) appoint a Hearing Examiner to rule on any discovery matters that may arise during the course of this proceeding, including any motions related to the protective treatment of confidential information; (c) shorten the discovery response time to five business days; and (d) permit VCTA to file additional comments.

On November 30, 2018, the Commission issued a Procedural Order establishing certain filing dates. Pursuant thereto, on December 7, 2018, the Applicants filed a response to VCTA's filings, and on December 11, 2018, VCTA filed a reply.

On December 14, 2018, the Commission issued an Order addressing VCTA's filings and the responses thereto ("December 14 Order"). Pursuant to the December 14 Order, the Commission, in its discretion and based on the specific circumstances of this particular proceeding,[7] granted VCTA's motion to participate as a respondent in this proceeding on the condition that such participation did not prevent the Commission from meeting the statutory deadline in this matter.[8] Accordingly, the Commission established a schedule that directed the filing of a Staff Report by the Commission Staff, additional comments by VCTA, and a reply to the Staff Report and VCTA comments by the Applicants; assigned a Hearing Examiner to address discovery matters and establish expedited procedures for handling discovery; and extended the statutory review period to January 30, 2019, the maximum permitted under Code § 56-77.[9]

On January 7, 2019, the Staff Report was filed in which Staff summarized the results of its investigation of the Application, including the internal controls MEC plans to implement to comply with the Commission's Regulations Governing the Separation of Regulated and Unregulated Businesses of Utility Consumer Services Cooperatives and Utility Aggregation Cooperatives, 20 VAC 5-203-10 *et seq.* ("Co-op Rules"). Staff determined that the Agreements appear to be in the public interest and recommended that the Commission approve the Agreements subject to the requirements outlined in the Appendix to the Staff Report.[10] Staff's recommended requirements are as follows:

(1) The Commission's approval of the Service Agreement and the Lease Agreement should be limited to five (5) years from the effective date of the Order in this case. Should the Applicants wish to continue the Agreements after that date, separate approval should be required.

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[1] Code § 56-76 *et seq.* ("Affiliates Act").

[2] Application at 2.

[3] *Id.*

[4] *Id.* at 1, 4-5.

[5] *Id.* at 2.

[6] *Id.* at 2-3.

[7] *See* December 14 Order at 3-4 (noting, for example, that there are specific statutes and rules – that only apply to cooperatives – addressing behavior among a cooperative, its affiliates, and nonaffiliated third parties. *See, e.g.,* Code § 56-231.34:1 and 20 VAC 5-203-10 *et seq*.).

[8] *See* December 14 Order at 2-4 (stating that the Affiliates Act, among other things: (1) directs the Commission to "approve or disapprove" an application in only 60-90 days; (2) deems an application "approved" if the Commission fails to act in that timeframe; (3) gives the Commission "continuing supervisory control" over affiliate transactions; and, further, (4) allows the Commission, unilaterally and on its own motion, to "exempt" a utility from affiliate filing requirements in whole or in part. *See* Code §§ 56-77 A, 56-80, and 56-77 B, respectively).

[9] December 14 Order at 4-5.

[10] Staff Report at 7.

(2) The Commission's approval of the Agreements should be limited to those services specifically identified in the Agreements.[11] Should the Applicants wish to add a service or material that is not specifically identified in the Agreements, separate Commission approval should be required.

(3) Separate Commission approval should be required for any changes in the terms and conditions of the Agreements, including changes in services provided and any successors and assigns.

(4) The approval granted in this case should have no accounting or ratemaking implications.

(5) The Applicants should be required to maintain records demonstrating that the services provided by MEC to EMPOWER under the Agreements are cost beneficial to the members of MEC. Records of such investigations and comparisons should be available for Staff review upon request. MEC should bear the burden of proving, in any rate proceeding, that it charged the higher of cost or market for all services provided to [EMPOWER][12] pursuant to the Agreements.

(6) The approval granted in this case should not preclude the Commission from exercising its authority under Code § 56-76 *et seq*. hereafter.

(7) The Commission should reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

(8) The Applicants should file an executed copy of the approved Agreements within ninety (90) days of their execution.

(9) MEC should be required to include all transactions associated with the Agreements in its monthly service bill and in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT should include: (a) The case number in which the Agreements were approved; (b) The names of all direct and indirect affiliated parties to the Agreements; and (c) A calendar year annual schedule showing each Agreement's transactions by month, FERC account, and amount as they are recorded in MEC's books.

(10) MEC should file with the Commission within 90 days of the date of the Order in this case documentation showing the requirements of Code § 56-231.34:1 and 20 VAC 5-203-30 and -40 of the Commission's Co-op Rules are being met.[13]

In recommending approval of the Agreements under the Affiliates Act, Staff stated that the public benefits associated with the Agreements include EMPOWER lease payments that will cover part of MEC's costs, and cost savings from grants and other outside funding, as MEC builds its fiber optic backbone for communications between its substations.[14] Staff also noted that proposed transactions purportedly will allow the Cooperative to make advantageous use of the unused portion of its fiber optic bandwidth for the benefit of the local community by allowing EMPOWER to provide access to broadband.[15]

On January 7, 2019, VCTA filed its Additional Comments and Requests for Relief ("Additional Comments") in which it requested that the Commission deny the Application on the grounds that the arrangements are not consistent with the public interest and have not been demonstrated to be reasonable under the Affiliates Act, and that the Application has not demonstrated compliance with Code § 56-231.34:1 and the Co-op Rules.[16] Alternatively, VCTA requested that if the Application is not denied, the Commission impose the following conditions and limitations on the proposed affiliate arrangements:

(a) Any construction or acquisition by MEC of any fiber facilities and internet and communication business interests outside the territory of its existing certificate(s) of public convenience and necessity will require separate Commission approval;

(b) MEC and EMPOWER should be required to provide greater transparency to MEC members and to the Staff of the Commission regarding the profitability of EMPOWER, including but not limited to periodic reporting, on at least an annual basis as to (a) when, if, and to what extent its transactions with EMPOWER, including the guarantee of any loan to EMPOWER, results in reductions of its members patronage capital and (b) the extent to which the communications services provided by EMPOWER are offered to (i) totally unserved areas and (ii) areas where existing providers are already providing or have announced plans to soon provide similar services at similar pricing. Such reporting should be publically available or, at a minimum, provided upon request by any MEC member;

(c) The EMPOWER board of directors should be required to have different directors than those on the MEC board of directors; and

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[11] The approved Service Agreement Services are specifically identified in MEC's Confidential Response to Staff Data Request No. 1-1.

[12] The Staff Report incorrectly referenced MEC at this point. As the Agreements provide only for services to be provided by MEC to EMPOWER, the affiliate is the correct party to be named here.

[13] *Id.* at 7-8 and Appendix.

[14] *Id.* at 3-7.

[15] *Id.* at 7.

[16] VCTA Additional Comments at 6.

(d) The ban on joint advertising must include electronic materials including prohibition of any reference to EMPOWER on the MEC website. All descriptions by EMPOWER of its services should exclude any reference to MEC, including but not limited to a prohibition on using the phrase "Powered by MEC."

On January 7, 2019, the Applicants filed their reply to the Staff Report and VCTA's Additional Comments ("Reply"). As to the Staff Report, the Applicants stated that they do not object to the requirements recommended by Staff.[17] With respect to Staff's recommendation in Appendix paragraph (10), the Applicants stated that MEC intends to implement management procedures that memorialize the manner in which MEC and EMPOWER intend to comply with the requirements of 20 VAC 5-203-30 and -40 as described on pages 3-6 of the Attachment to the Staff Report.[18]

As to VCTA's Additional Comments, the Applicants asserted that the majority of VCTA's concerns and the resulting "conditions and limitations" VCTA recommends relate to potential conduct of the Applicants after the Commission grants approval of the Agreements, and are therefore beyond the scope of the public interest standard of the Affiliates Act and the Commission's jurisdiction in a proceeding under the Affiliates Act.[19] The Applicants cited to the Commission's Final Order in Case No. PUR-2018-00113,[20] and argued that the Commission's ongoing oversight authority renders VCTA's proposed conditions and limitations superfluous.[21] Accordingly, the Applicants requested that the Commission reject the relief requested by VCTA and approve the Application consistent with the requirements set forth in the Staff Report.[22]

NOW THE COMMISSION, upon consideration hereof, is of the further opinion and finds as follows.

Code § 56-231.23 provides in part that "[e]ach cooperative formed under this article shall have power to do any and all lawful acts or things including, but not limited to the power: . . . To render service and to acquire, own, operate, maintain and improve a system or systems." Code § 56-231.34:1 A states in part that:

> No cooperative that engages in a regulated utility service shall conduct any unregulated business activity, other than traditional cooperative activities, except in or through one or more affiliates of such cooperative, provided that a cooperative that provides regulated utility services shall have the right to offer and make unregulated sales of electric power to its members within its certificated service territory.

Under the Affiliates Act, the Commission either approves or rejects the "structure" of these affiliate transactions.[23] Any specific costs or obligations stemming from that affiliate structure are approved or rejected when the question becomes ripe in separate proceedings under separate statutes, such as setting rates or reviewing proposed generating facilities.[24] As stated in our December 14 Order, this is the administrative process – *i.e.*, without a formal hearing and without participation by interested persons – that the Commission typically uses to approve or deny applications under the Affiliates Act.[25]

In the instant case, we find VCTA's stated concerns to be insufficient bases for requiring a denial of the Application under the Affiliates Act. As Code § 56-231.34:1 A allows cooperatives to engage in unrelated business activities, so too must the Code envision that the cooperative members and the board they elect will weigh the extent to which these unregulated activities possess the potential for both gain and loss. Accordingly, an allegation that a prior MEC communications affiliate was unsuccessful and could not repay a loan,[26] is not a basis for denying MEC's request to engage in the affiliate arrangements presently before the Commission. As we said in Case No. PUR-2018-00113, the decision to offer broadband through the fiber deployed as part of an expansion of a cooperative's electric distribution system is a decision for the cooperative and its members,[27] and whether a cooperative may have an affiliate undertake to offer broadband is not a decision for the Commission, so long as all other statutory and regulatory requirements are maintained.[28]

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[17] Applicants' Reply at 4.

[18] *Id.*

[19] *Id.* at 4-6.

[20] *Application of Central Virginia Electric Cooperative and Central Virginia Services, Inc., For approval of affiliate arrangements,* Case No. PUR-2018-00113, Doc. Con. Cen. No. 181050207, Final Order (Oct. 23, 2018) ("CVEC Final Order").

[21] *Id.*

[22] Applicants Reply at 6.

[23] *See, e.g., Commonwealth Gas Services, Inc. v. Reynolds Metals Co.*, 236 Va. 362, 368 (1988) (citing *Roanoke Gas Co. v. Commonwealth*, 217 Va. 850 (1977)).

[24] *See also Sierra Club v. Virginia Elec. and Power Co., et al.*, Case No. PUR-2017-00061, Final Order (Sept. 19, 2017), *aff'd Sierra Club v. State Corp. Comm'n*, 2018 WL 3768754 (Aug. 9, 2018) (unpublished).

[25] December 14 Order at 3 (stating that this is also why the Commission has previously explained that, unlike the procedures "for investigating proposed changes to rate schedules, . . . [a]pplications filed under [the Affiliates Act] are generally processed *administratively* by the Commission without notice or an opportunity for hearing."). *Application of Columbia Gas of Virginia, Inc.*, Case No. PUE-2007-00064, slip op. at 5, 2007 WL 2759864 at *3, Order for Notice and Comment (July 30, 2007) (emphasis added).

[26] *See* VCTA Additional Comments at 3.

[27] *See* Code § 56-231.23.

[28] CVEC Final Order at 12.

Likewise, we do not find that VCTA's stated concerns with the Agreements under Code § 56-231.41 and the related Co-op Rules present sufficient reasons for denying the Application nor approving it with the conditions proposed by VCTA. For example, we find that the Applicants are not required to prove that alternative providers of the prospective service are unavailable before an arrangement may be approved pursuant to the Affiliates Act. Rather, Code § 56-231.34:1 specifically addresses that there shall be Commission rules and regulations to ensure effective and fair competition between an electric cooperative's affiliate that is engaged in an unregulated business activity and other persons engaged in the same or similar business.[29] Accordingly, there is no basis to require additional reporting on the extent to which EMPOWER offers services in areas that are (i) totally unserved, (ii) served by other providers, or (iii) where existing providers plan to offer similar services at similar prices.[30]

Code § 56-231.23 provides that each cooperative shall have the power to do any and all lawful acts or things, including, pursuant to subsection (5), to render service and to acquire, own, operate, maintain, and improve a system or systems. Accordingly, we reject VCTA's proposed condition that "any construction or acquisition by MEC of any fiber facilities and internet and communication business interests outside the territory of its existing certificate(s) of public convenience and necessity will require separate Commission approval." Such a condition is not appropriate as present statutory law governs when MEC may extend its electric distribution system, with or without Commission approval, and Code § 56-231.34:1 A prohibits MEC from directly engaging in unregulated business activities. In the present case, MEC is deploying a fiber network within its service territory,[31] and therefore, within the authority provided pursuant to its certificate of public convenience and necessity. Should it be alleged that this is no longer the case, that issue may be addressed in a separate proceeding.

Furthermore, we decline to impose the condition recommended by VCTA regarding the make-up of the board of directors of EMPOWER.[32] Code § 56-231.34:1 A directs the Commission to establish codes of conduct detailing permissible relations between a cooperative and its affiliates, particularly with regard to whether and, if so, under what circumstances and conditions: (i) a cooperative may provide its affiliates with customer lists or other customer information, sales leads, procurement advice, joint promotions, and access to billing or mailing systems unless such information or services are made available to third parties under the same terms and conditions; (ii) the cooperative's name, logos, or trademarks may be used in promotional, advertising or sales activities conducted by its affiliates; and (iii) the cooperative's vehicles, equipment, office space, and employees may be used by its affiliates. 20 VAC 5-203-40 contains the codes of conduct adopted by the Commission to be applicable for each scenario. Cooperatives are responsible for following these rules, and any allegation of a violation may be addressed in a separate proceeding irrespective of any authority granted herein. However, in the instant case, the present regulations are silent as to the make up of the affiliate's board of directors. Accordingly, we have no reason to impose a different standard upon MEC and EMPOWER than the standard presently imposed on all other cooperatives and their affiliates at this juncture.

As to VCTA's condition regarding the presence of EMPOWER on MEC's website,[33] 20 VAC 5-203-40 of the Co-op Rules is silent as to whether a cooperative is prohibited from referencing its affiliate on the cooperative's website. Furthermore, the specific rules regarding joint promotions do not establish an absolute prohibition, but instead state:

> 3. Joint promotions, advertising and marketing shall be prohibited between a cooperative and its nonregulated affiliate *unless made available to competing suppliers upon the same price, terms and conditions.*
>
> 4. *A cooperative's name, logo or trademark may be used by a nonregulated affiliate provided such use is not misleading*. A disclaimer that clearly and conspicuously discloses that the nonregulated affiliate is not the same company as the cooperative shall accompany any such use. Such disclaimers shall not be required, however, on company vehicles, clothing, trinkets, writing instruments, or similar promotional materials. Upon complaint of any competing supplier or other interested person, or upon motion of the Attorney General or the commission staff, or upon its own motion, the commission may, after notice and an opportunity for hearing, make a determination whether any such usage is misleading, and if so, take appropriate corrective actions.[34]

Accordingly, we find no reason to impose the requested condition at this juncture. Instead, as we did in Case No. PUR-2018-00113,[35] we will direct the Staff to monitor the activities of MEC and EMPOWER to ensure that the codes of conduct set out in 20 VAC 5-203-40 are followed and that the prohibited practices set out in 20 VAC 5-203-30 are avoided while exercising the approval granted herein.

As noted above, in a proceeding such as this, the Commission either approves or rejects the "structure" of the affiliate transactions. While any specific costs or obligations stemming from that affiliate structure would be approved or rejected when the question becomes ripe in separate proceedings under separate statutes, such as setting rates or reviewing proposed generating facilities, so too would be any concerns about the Applicants' conduct in exercising any authority granted herein about the Agreements. That is, the prohibitions and obligations under 20 VAC 5-203-10 *et seq.* are continuing in nature, just like the Commission's oversight authority over arrangements approved under the Affiliates Act.[36]

Upon consideration of the foregoing, we find that that the Agreements proposed herein are in the public interest and should be approved for purposes of the Affiliates Act subject to certain requirements set forth in the Appendix attached hereto.

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[29] The Co-op Rules were adopted and made effective as of July 1, 2000, as directed by the General Assembly in Code § 56-231.34:1.

[30] *See* VCTA Additional Comments at 6-7.

[31] *See* Staff Report at 3-4.

[32] *See* VCTA Additional Comments 7.

[33] *See id.*

[34] 20 VAC 5-203-40 3 and 4 (emphasis added).

[35] *See* CVEC Final Order at 11.

[36] *See* Code § 56-80.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Applicants hereby are granted approval to enter into the Agreements as described herein and subject to the requirements set forth in the Appendix attached to this Order.

(2) The Staff shall monitor MEC and EMPOWER to ensure that codes of conduct set out in 20 VAC 5-203-40 are followed and that the prohibited practices set out in 20 VAC 5-203-30 are avoided while exercising the approval granted herein.

(3) This case hereby is dismissed.

APPENDIX

(1) The Commission's approval of the Service Agreement and the Lease Agreement shall be limited to five (5) years from the effective date of the Order in this case. Should the Applicants wish to continue the Agreements after that date, separate approval shall be required.

(2) The Commission's approval of the Agreements shall be limited to those services specifically identified in the Agreements.[37] Should the Applicants wish to add a service or material that is not specifically identified in the Agreements, separate Commission approval shall be required.

(3) Separate Commission approval shall be required for any changes in the terms and conditions of the Agreements, including changes in services provided and any successors and assigns.

(4) The approval granted in this case shall have no accounting or ratemaking implications.

(5) The Applicants shall be required to maintain records demonstrating that the services provided by MEC to EMPOWER under the Agreements are cost beneficial to the members of MEC. Records of such investigations and comparisons shall be available for Staff review upon request. MEC shall bear the burden of proving, in any rate proceeding, that it charged the higher of cost or market for all services provided to EMPOWER pursuant to the Agreements.

(6) The approval granted in this case shall not preclude the Commission from exercising its authority under Code § 56-76 *et seq*. hereafter.

(7) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

(8) The Applicants shall file an executed copy of the approved Agreements within ninety (90) days of their execution.

(9) MEC shall be required to include all transactions associated with the Agreements in its monthly service bill and in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT shall include: (a) the case number in which the Agreements were approved; (b) the names of all direct and indirect affiliated parties to the Agreements; and (c) a calendar year annual schedule showing each Agreement's transactions by month, FERC account, and amount as they are recorded in MEC's books.

(10) MEC shall file with the Commission within 90 days of the date of the Order in this case documentation showing the requirements of Code § 56-231.34:1 and 20 VAC 5-203-30 and -40 of the Commission's Co-op Rules are being met.

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[37] The approved Service Agreement Services are specifically identified in MEC's Confidential Response to Staff Data Request No. 1-1.

CASE NO. PUR-2018-00181
MARCH 11, 2019

APPLICATION OF
EXTENET ASSET ENTITY, LLC

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On November 13, 2018, ExteNet Asset Entity, LLC ("ExteNet" or "Company"), filed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia ("Application"). 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 ("Code"). Included in the Application is ExteNet's notice to the Commission of the Company's election to be regulated as a competitive telephone company pursuant to Code § 56-54.2 *et seq.*[1] ExteNet also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.[2]

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[1] Chapter 2.1 of Title 56 of the Code became effective on July 1, 2014. *See* 2014 Va. Acts ch. 340 and ch. 376.

[2] 5-VAC 5-20-10 *et seq*.

On December 5, 2018, the Commission issued an Order for Notice and Comment ("Scheduling Order") that, among other things, directed ExteNet to provide notice to the public of its Application, and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). On February 6, 2019, ExteNet filed proof of service and proof of notice in accordance with the Scheduling Order.

On February 22, 2019, Staff filed its Staff Report concluding that the Company's Application is in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("Local Rules"), 20 VAC 5-417-10 *et seq*., and the Rules Governing the Certification of Interexchange Carriers ("Interexchange Rules"), 20 VAC 5-411-10 *et seq*. Based upon its review of the Company's Application, Staff determined that it would be appropriate to grant Certificates to ExteNet subject to the following condition: ExteNet should notify the Division of Public Utility Regulation 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 the Commission determines it is no longer necessary. ExteNet did not file a response to the Staff Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that it should grant Certificates to ExteNet. Having considered Code § 56-481.1, the Commission finds that ExteNet may price its interexchange services competitively. The Commission finds that pursuant to Code § 56-54.2, ExteNet is eligible to elect to be regulated as a competitive telephone company and that such election, pursuant to Code § 56-54.3, becomes effective on the date of this Final Order. Finally, the Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.[3]

Accordingly, IT IS ORDERED THAT:

(1) ExteNet hereby is granted Certificate No. T-763 to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, Code § 56-265.4:4, and the provisions of this Final Order.

(2) ExteNet hereby is granted Certificate No. TT-304A to provide interexchange telecommunications services subject to the provisions of the Interexchange Rules, Code § 56-265.4:4, and the provisions of this Final Order.

(3) Pursuant to Code § 56-481.1, ExteNet may price its interexchange telecommunications services competitively.

(4) ExteNet shall be regulated as a competitive telephone company pursuant to the provisions of Code § 56-54.2 *et seq*.

(5) Prior to providing telecommunications services pursuant to the Certificates granted by this Final Order, the Company shall provide tariffs to the Division of Public Utility Regulation that conform to all applicable Commission rules and regulations. If ExteNet elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Local Rule 20 VAC 5-417-50 A.

(6) ExteNet shall notify the Division of Public Utility Regulation no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(7) The Company's Motion is denied; however, the Commission directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(8) This case is dismissed.

[3] The Commission has not received a request to review the information that the Company designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUR-2018-00184
MARCH 14, 2019

JOINT PETITION OF
CITY OF CHESAPEAKE and AQUA VIRGINIA, INC.

For approval of a transfer of utility assets

ORDER GRANTING APPROVAL

On November 21, 2018, the City of Chesapeake, Virginia ("City"), and Aqua Virginia, Inc. ("Aqua") (collectively, "Petitioners"), filed a joint petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act,[1] seeking approval and authority for Aqua to dispose of and for the City to acquire certain waterworks utility assets (as defined in this Petition under "Assets") to provide water service to customers residing within the Indian River subdivision located within the City ("Proposed Transfer"). The Assets constitute a waterworks system ("System"), which serves approximately 505 individual connections.

[1] Code of Virginia ("Code") § 56-88 *et seq*.

The Petition states that Aqua and the City have entered into a purchase agreement for the System. After closing and upon approval by the Commission, the City will own and operate the System.[2] The Petitioners assert that the City is a municipal corporation and political subdivision of the Commonwealth of Virginia, and the System's service area is located within the political boundaries of the City.[3] The City is not subject to regulation by the Commission as a public utility.[4]

The Petitioners represent that the City will acquire the Assets for a purchase price of $1,931,600, which will be paid in full at the time of the closing of the transaction.[5]

The City proposes to change all rates, charges, and fees in accordance with Article IV of Chapter 78 of the Chesapeake City Code.[6] Petitioners state that there will be no impairment of adequate service at just and reasonable rates and submit that the transfer of the System's Assets, on the terms proposed, will ensure that customers served by the System will continue to receive adequate service at just and reasonable rates.[7]

On December 20, 2018, the Commission issued an Order for Notice and Comment that, among other things, directed the Commission's Staff ("Staff") to investigate the proposed transaction and present its findings in a report ("Staff Report"); that the Order for Notice and Comment should be served upon interested persons; and that interested persons should have an opportunity to comment or request a hearing on the Petition. The Commission received one comment from the public expressing broad support for the transfer by the community. No requests for a hearing on the Petition were received.

On February 15, 2019, Staff filed its Staff Report in this proceeding. Staff noted that the Petitioners represented that: (1) the City will maintain and operate the System, and (2) the System's customers will enjoy the benefits of being served by a common water and wastewater provider.[8] Staff concluded that, based on the Petitioners' representations, the Proposed Transfer will not impair or jeopardize the provision of adequate service at just and reasonable rates, and therefore meets the standard of the Utility Transfers Act.[9] Consequently, Staff recommended (1) approval of the Proposed Transfer; (2) a Report of Action, which should include the date the Proposed Transfer is consummated, be filed with the Commission within ninety days after the closing of the Proposed Transfer; and (3) that the transferred System's certificates be canceled upon notice that the Proposed Transfer has been consummated.[10]

On December 11, 2018, the Petitioners filed a letter ("Letter") with the Commission stating that they strongly support Staff's findings and recommendations and that the Petitioners will file no response in rebuttal to the Staff Report.[11]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the above-described 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 subject to certain requirements.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Petitioners hereby are granted approval of the Proposed Transfer as described herein, subject to the requirements set forth herein.

(2) The Petitioners shall file, with the Commission, a Report of Action, which should include the date the Proposed Transfer is consummated within 90 days of the closing of the Proposed Transfer.

(3) Upon receipt of the Report of Action, the System's certificates of public convenience and necessity will be cancelled.

(4) This case hereby is dismissed.

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[2] Petition at 2.

[3] *Id.* at 3.

[4] *Id.*

[5] *Id.* at 4.

[6] *Id.* (*See* Petition, Exhibit C; Article IV of Chapter 78 of the Chesapeake City Code).

[7] *Id.* at 5.

[8] Staff Report at 3.

[9] *Id.*

[10] *Id.*

[11] Joint Petitioner's Letter at 1-2.

CASE NO. PUR-2018-00185
JANUARY 31, 2019

JOINT APPLICATION OF
EXTENET ASSET ENTITY, LLC, and EXTENET SYSTEMS (VIRGINIA) LLC

For approval for ExteNet Asset Entity, LLC, to acquire the customers and certain assets of ExteNet Systems (Virginia) LLC, pursuant to Va. Code § 56-88 *et seq*.

ORDER GRANTING APPROVAL

On November 15, 2018, ExteNet Asset Entity, LLC ("EAE"), and ExteNet Systems (Virginia) LLC ("ExteNet-VA") (collectively, "Applicants"),[1] filed a Joint Application ("Application") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[2] for approval for EAE to acquire certain assets, including customer contracts and related telecommunications network infrastructure from its affiliate, ExteNet-VA (the "Transaction"). The Applicants also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*.

ExteNet-VA is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to its certificates of public convenience and necessity ("Certificates") issued by the Commission in Case No. PUC-2006-00141.[3] EAE currently has an application pending with the Commission for Certificates to provide local exchange and interexchange services in Virginia in Case No. PUR-2018-00181.[4] Upon completion of the proposed Transaction and the issuance of the requested Certificates in the pending Certificate Application, EAE will become the service provider for those customers transferred from ExteNet-VA.

The Applicants assert that all customers transferred to EAE will continue to receive services without any immediate changes to the rates, terms, or conditions of service as currently provided by ExteNet-VA. Information provided with the Application indicates that EAE will have the financial, managerial, and technical resources to provide telecommunications services in Virginia following the completion of the proposed Transaction. In support of the Application, the Applicants provided biographies of the management leadership team of EAE, and the current consolidated financial statements of ESI.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the above-described Transaction should be approved, subject to EAE receiving the requested Certificates in Case No. PUR-2018-00181. Upon satisfaction of this condition, no further action is required by the Commission for approval of the Transaction. Finally, we find that the Applicants' Motion is no longer necessary and, therefore, should be denied.[5]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-88.1 and 56-90, the Applicants hereby are granted approval of the Transaction as described herein, subject to EAE receiving the requested Certificates in Case No. PUR-2018-00181. Upon satisfaction of this condition, no further action is required by the Commission for approval of the Transaction.

(2) Once EAE has received the requested Certificates and the Transaction has taken place, the Applicants shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Transaction, which shall note the date the Transaction occurred.

(3) The Applicants' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(4) This case is dismissed.

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[1] ExteNet Systems, Inc. ("ESI"), Odyssey Acquisition, LLC, Mount Royal Holdings, LLC, Digital Bridge Small Cell Holdings, LLC, Stonepeak Communications Holdings, LLC, and Stonepeak Infrastructure Fund (Odyssey AIV) LP are also considered Applicants in this proceeding and have provided the statutorily required verifications.

[2] Code § 56-88 *et seq.*

[3] *See Application of ClearLinx Networks (Virginia) LLC and ExteNet Systems (Virginia) LLC, For cancellation of certificates of public convenience and necessity to provide local and interexchange telecommunications services and to reissue certificates reflecting new corporate name*, Case No. PUC-2006-00141, 2007 S.C.C. Ann. Rept. 215, Final Order (Apr. 3, 2007).

[4] *See Application of ExteNet Asset Entity, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUR-2018-00181 (Nov. 13, 2018) ("Certificate Application").

[5] The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

APPENDIX

(1) The Commission's approval granted in this case should be conditioned upon EAE obtaining the requested Certificates in Case No. PUR-2018-00181. Upon satisfaction of this condition, no further action should be required by the Commission for approval of the Transaction.

(2) Once EAE has received the requested Certificates and the proposed Transaction has taken place, the Applicants should file a report of action with the Commission in its Document Control Center within thirty (30) days after closing of the Transaction, which should include the effective date of the Transaction.

CASE NO. PUR-2018-00186
MARCH 22, 2019

JOINT PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY and THE POTOMAC EDISON COMPANY

For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq*.

ORDER GRANTING APPROVAL

On December 3, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion") and the Potomac Edison Company ("Potomac Edison") (collectively, "Petitioners"), filed a joint petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act,[1] seeking approval for (1) the acquisition by Dominion of certain transmission facilities from Potomac Edison relating to the Virginia portion of the 500 kilovolt ("kV") Mt. Storm-Valley Line, designated by Dominion as Line #550 ("Mt. Storm-Valley 500 kV Line"); and (2) the acquisition by Dominion of certain transmission assets from Potomac Edison relating to the 500 kV Front Royal-Meadow Brook Line, designated by Dominion as Line #580 (collectively, the "Transmission Facilities"). Dominion respectfully requests Commission approval to acquire the Transmission Facilities from Potomac Edison pursuant to the Utility Transfers Act, and Potomac Edison respectfully requests Commission approval to transfer the Transmission Facilities to Dominion.[2] In addition, Dominion respectfully requests that the Commission approve and amend its certificates of public convenience and necessity ("CPCN") for its acquisition and operation of the Transmission Facilities pursuant to the Utility Facilities Act.[3] Collectively, the approvals requested herein are referred to as the "Proposed Transaction."

On January 4, 2019, the Commission issued an Order for Notice and Comment that, among other things, directed the Commission's Staff ("Staff") to investigate the Proposed Transaction and present its findings in a report ("Staff Report"); directed that the Order for Notice and Comment should be served upon interested persons; and provided interested persons an opportunity to comment or request a hearing on the Petition. No requests for a hearing on the Petition were received.

On March 1, 2019, Staff filed its Staff Report in this proceeding. Staff concluded that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by the Proposed Transaction.[4] Staff recommended that the Commission grant Utility Transfers Act approval of the Proposed Transaction subject to certain requirements outlined in the appendix attached to the Staff Report ("Appendix A"). Staff also recommended that the Commission grant Utility Facilities Act approval for Dominion to revise its Virginia CPCN to reflect its acquisition of the Transmission Facilities.[5]

On March 5, 2019, the Petitioners filed comments to the Staff Report which stated that the Petitioners agree with the Staff's recommendations, including the requirements set forth in Staff's Appendix A.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Proposed Transaction will not impair or jeopardize the provision of adequate service at just and reasonable rates and, therefore, is approved subject to the requirements listed in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-89 and 56-90, and Code § 56-265.1 *et seq*., the Petitioners hereby are granted approval of the Proposed Transaction as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) Upon Petitioners filing of a Report of Action with the Commission and pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission will issue the following CPCNs to Dominion:

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[1] Va. Code ("Code") § 56-88 *et seq*.

[2] As part of the same transaction described in this Joint Petition, Monongahela Power Company ("Mon Power") is selling its share of the portion of the Mt. Storm-Valley 500 kV Line located in West Virginia to Dominion.

[3] Code §56-265.1 *et seq*.

[4] Staff Report at 6.

[5] *Id*.

Certificate No. ET-64y, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Augusta County, all as shown on the map attached to the certificate, and to operate facilities as authorized in Case No. PUR-2018-00186, cancels Certificate No. ET-64x, issued to Virginia Electric and Power Company in Case No. PUE-2016-00020 on May 5, 2017.

Certificate No. ET-19h, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Frederick County, all as shown on the map attached to the certificate, and to operate facilities as authorized in Case No. PUR-2018-00186, cancels Certificate No. ET-19g, issued to Virginia Electric and Power Company in Case No. PUE-2011-00003 on September 1, 2011.

Certificate No. ET-108o, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Rockingham County, all as shown on the map attached to the certificate, and to operate facilities as authorized in Case No. PUR-2018-00186, cancels Certificate No. ET-108n, issued to Virginia Electric and Power Company in Case No. PUE-2012-00095 on December 21, 2012.

Certificate No. ET-189c, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Warren County, all as shown on the map attached to the certificate, and to operate facilities as authorized in Case No. PUR-2018-00186, cancels Certificate No. ET-189b, issued to Virginia Electric and Power Company in Case No. PUE-2011-00042 on February 2, 2012.

(3) Within thirty (30) days from the date of the submission of the Report of Action, Dominion shall provide to the Commission's Division of Public Utility Regulation three copies of an appropriate map that shows the routing of the transmission line approved herein.

(4) This case is dismissed.

APPENDIX

(1) The Commission's approval in this case shall have no accounting or ratemaking implications.

(2) Within sixty (60) days of completing the Proposed Transaction, the Petitioners shall file a Report of Action ("Report") with the Commission, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance. The Report shall include the following information: (1) the effective date of the Proposed Transaction; (2) an executed copy of the Purchase and Sale Agreement; (3) the actual accounting entries, including any tax-related accounting entries, on the Petitioners' books to record the Proposed Transaction; and (4) a schedule to reconcile any differences between the accounting entries provided in the Petition and the accounting entries actually made at closing to record the Proposed Transaction. The Proposed Transaction accounting entries shall be in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts ("USOA") for electric utilities.

(3) Dominion's CPCNs shall be revised upon receipt of the Report to reflect the Proposed Transaction.

(4) The Petitioners shall be directed to retain a copy of all Proposed Transaction records utilized at closing, including any source documentation supporting the original cost of the Transmission Facilities, and henceforth shall be directed to maintain the plant records in accordance with the USOA.

CASE NO. PUR-2018-00186
SEPTEMBER 16, 2019

JOINT PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY and THE POTOMAC EDISON COMPANY

For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq*.

ORDER NUNC PRO TUNC

On December 3, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion") and the Potomac Edison Company ("Potomac Edison") (collectively, "Petitioners") filed a joint petition with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act,[1] seeking approval for (1) the acquisition by Dominion of certain transmission facilities from Potomac Edison relating to the Virginia portion of the 500 kilovolt ("kV") Mt. Storm-Valley Line, designated by Dominion as Line #550 ("Mt. Storm-Valley 500 kV Line"); and (2) the acquisition by Dominion of certain transmission assets from Potomac Edison relating to the 500 kV Front Royal-Meadow Brook Line, designated by Dominion as Line #580 (collectively, the "Transmission Facilities"). Dominion respectfully requests Commission approval to acquire the Transmission Facilities from Potomac Edison pursuant to the Utility Transfers Act, and Potomac Edison respectfully requests Commission approval to transfer the Transmission Facilities to Dominion.[2] In addition, Dominion respectfully requests that the Commission approve and amend its certificates of public convenience and necessity ("CPCN") for its acquisition and operation of the Transmission Facilities pursuant to the Utility Facilities Act.[3] Collectively, the approvals requested herein are referred to as the "Proposed Transaction."

On March 22, 2019, the Commission issued an Order Granting Approval ("March 22 Order"), which among other things, directed the issuance of new certificates for the Transmission Facilities. Upon further review, however, it has been determined that one of the certificates was misidentified in Ordering Paragraph (2).

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that an Order *Nunc Pro Tunc* should be entered to revise Ordering Paragraph (2) of the March 22 Order.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (2) of the March 22 Order is removed and replaced, *nunc pro tunc*, with the following:

(2) Upon Petitioners filing of a Report of Action with the Commission and pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission will issue the following CPCNs to Dominion:

> Certificate No. ET-64z, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Augusta County, all as shown on the map attached to the certificate, and to operate facilities as authorized in Case No. PUR-2018-00186, cancels Certificate No. ET-64y, issued to Virginia Electric and Power Company in Case No. PUR-2017-00114 on September 10, 2018.
>
> Certificate No. ET-19h, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Frederick County, all as shown on the map attached to the certificate, and to operate facilities as authorized in Case No. PUR-2018-00186, cancels Certificate No. ET-19g, issued to Virginia Electric and Power Company in Case No. PUE-2011-00003 on September 1, 2011.
>
> Certificate No. ET-108o, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Rockingham County, all as shown on the map attached to the certificate, and to operate facilities as authorized in Case No. PUR-2018-00186, cancels Certificate No. ET-108n, issued to Virginia Electric and Power Company in Case No. PUE-2012-00095 on December 21, 2012.
>
> Certificate No. ET-189c, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Warren County, all as shown on the map attached to the certificate, and to operate facilities as authorized in Case No. PUR-2018-00186, cancels Certificate No. ET-189b, issued to Virginia Electric and Power Company in Case No. PUE-2011-00042 on February 2, 2012.

(3) The remainder of the March 22 Order remains in full force and effect.

(4) This case is dismissed.

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[1] Section 56-88 *et seq*. of the Code of Virginia ("Code").

[2] As part of the same transaction described in this Joint Petition, Monongahela Power Company is selling its share of the portion of the Mt. Storm-Valley 500 kV Line located in West Virginia to Dominion.

[3] Code § 56-265.1 *et seq*.

APPENDIX

(1) The Commission's approval in this case shall have no accounting or ratemaking implications.

(2) Within sixty (60) days of completing the Proposed Transaction, the Petitioners shall file a Report of Action ("Report") with the Commission, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance. The Report shall include the following information: (1) the effective date of the Proposed Transaction; (2) an executed copy of the Purchase and Sale Agreement; (3) the actual accounting entries, including any tax-related accounting entries, on the Petitioners' books to record the Proposed Transaction; and (4) a schedule to reconcile any differences between the accounting entries provided in the Petition and the accounting entries actually made at closing to record the Proposed Transaction. The Proposed Transaction accounting entries shall be in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts ("USOA") for electric utilities.

(3) Dominion's CPCNs shall be revised upon receipt of the Report to reflect the Proposed Transaction.

(4) The Petitioners shall be directed to retain a copy of all Proposed Transaction records utilized at closing, including any source documentation supporting the original cost of the Transmission Facilities, and henceforth shall be directed to maintain the plant records in accordance with the USOA.

CASE NO. PUR-2018-00187
MARCH 22, 2019

JOINT PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY and THE POTOMAC EDISON COMPANY

For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq*.

ORDER GRANTING APPROVAL

On December 3, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion") and the Potomac Edison Company ("Potomac Edison") (collectively, "Petitioners"), filed a joint petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act,[1] seeking approval for the disposition by Dominion and the acquisition by Potomac Edison of certain transmission facilities relating to the existing 500 kilovolt Greenland Gap-Meadow Brook Line, designated by Dominion as Line #540 ("Virginia Facility").[2] Potomac Edison also requested that the Commission approve and revise the certificate of public convenience and necessity ("CPCN") pursuant to the Utility Facilities Act[3] authorizing its acquisition and operation of the Virginia Facility. Collectively, the approvals requested herein are referred to as the "Proposed Transaction."

According to the Petitioners, Potomac Edison and Dominion are co-owners of the existing Virginia Facility. Pursuant to the FERC interconnection agreement, which memorializes the joint ownership and responsibilities of each party with respect to the Virginia Facility, Potomac Edison is the responsible party that performs the operations and maintenance of the Virginia Facility. As proposed, on the closing date of the Proposed Transaction, all easements and land rights associated with the Virginia Facility would also be transferred to Potomac Edison to the extent appropriate.[4] According to the Petitioners, following the Proposed Transaction, Potomac Edison would be the sole owner of the Virginia Facility and, under PJM's functional control, would continue to provide service to the Allegheny Power and Dominion Transmission Zones.[5]

On January 4, 2019, the Commission issued an Order for Notice and Comment that, among other things, directed the Commission's Staff ("Staff") to investigate the Proposed Transaction and present its findings in a report ("Staff Report"); directed that the Order for Notice and Comment should be served upon interested persons; and provided interested persons an opportunity to comment or request a hearing on the Petition. No requests for a hearing on the Petition were received.

On March 1, 2019, Staff filed its Staff Report in this proceeding. Staff concluded that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by the Proposed Transaction.[6] Staff recommended that the Commission grant Utility Transfers Act approval of the Proposed Transaction subject to certain requirements outlined in the appendix attached to the Staff Report ("Appendix A"). Staff also recommended that the Commission grant Utility Facilities Act approval for Potomac Edison to revise its Virginia CPCN to reflect its acquisition of the Virginia Facility.[7]

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[1] Va. Code ("Code") § 56-88 *et seq*.

[2] Petition at 1. The Petition refers to Monongahela Power Company ("Mon Power"), who also is a party to the Purchase and Sale Agreement governing Potomac Edison's acquisition of the Virginia Facility. However, because Mon Power is acquiring transmission facilities wholly located in the state of West Virginia, Mon Power seeks no approvals from the Commission in this proceeding. *See, id.*

[3] Code § 56-265.1 *et seq*.

[4] Petition at 5.

[5] *Id*.

[6] Staff Report at 6.

[7] *Id*.

On March 5, 2019, the Petitioners filed comments to the Staff Report which stated that the Petitioners agree with the Staff's recommendations, including the requirements set forth in Staff's Appendix A.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Proposed Transaction will not impair or jeopardize the provision of adequate service at just and reasonable rates and, therefore, is approved subject to the requirements listed in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-89 and 56-90, and Code § 56-265.1 *et seq*., the Petitioners hereby are granted approval of the Proposed Transaction as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) Upon Petitioners filing of a Report of Action with the Commission and pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission will issue the following CPCN to Potomac Edison:

> Certificate No. ET-209, which authorizes The Potomac Edison Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Frederick County, authorized in Case No. PUR-2018-00187, all as shown on the map attached to the certificate.

(3) Within thirty (30) days from the date of the submission of the Report of Action, Potomac Edison shall provide to the Commission's Division of Public Utility Regulation three copies of an appropriate map that shows the routing of the transmission line approved herein.

(4) This case is dismissed.

APPENDIX

(1) The Commission's approval in this case shall have no accounting or ratemaking implications.

(2) Within sixty (60) days of completing the Proposed Transaction, the Petitioners shall file a Report of Action ("Report") with the Commission, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance. The Report shall include the following information: (1) the effective date of the Proposed Transaction; (2) an executed copy of the Purchase and Sale Agreement; (3) the actual accounting entries, including any tax-related accounting entries, on the Petitioners' books to record the Proposed Transaction; and (4) a schedule to reconcile any differences between the accounting entries provided in the Petition and the accounting entries actually made at closing to record the Proposed Transaction. The Proposed Transaction accounting entries shall be in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts ("USOA") for electric utilities.

(3) Potomac Edison's CPCN shall be revised upon receipt of the Report to reflect the Proposed Transaction.

(4) The Petitioners shall be directed to retain a copy of all Proposed Transaction records utilized at closing, including any source documentation supporting the original cost of the Virginia Facilities, and henceforth shall be directed to maintain the plant records in accordance with the USOA.

CASE NO. PUR-2018-00188
SEPTEMBER 13, 2019

APPLICATION OF
APPALACHIAN POWER COMPANY

> For approval and certification of electric facilities: Glendale area improvements 138 kV Transmission Project pursuant to Title 56 of the Code of Virginia

FINAL ORDER

On December 20, 2018, pursuant to Virginia Code ("Code") § 56-46.1 and the Utility Facilities Act, Code § 56-265.1 *et seq.*, Appalachian Power Company ("Appalachian" or "Company") filed an application and supporting documents for approval and certification to construct, own, operate, and maintain the Glendale area improvements 138 kilovolt ("kV") project, located partly in Carroll County and partly in the City of Galax, Virginia ("Application").

Specifically, Appalachian seeks approval from the State Corporation Commission ("Commission") to construct and operate: (i) a new 2.0 mile Wolf Glade 138 kV Extension transmission line on a 100-foot right-of-way ("ROW") between a tap point on the Company's existing Jubal Early-Piper's Gap transmission line and a new Wolf Glade 138 kV Substation to be located in the City of Galax, approximately 0.5 mile northeast of the Company's existing Cliffview Substation;[1] (ii) the new Wolf Glade Substation; (iii) a 0.5 mile relocation and extension of the Cliffview 69 kV Tap transmission line; (iv) an addition of a 138/69 kV transformer and other improvements at Jubal Early Substation;[2] and (v) a new 138 kV line termination, associated equipment, and a control house expansion at the Huffman Substation,[3] referred to collectively as the proposed project ("Project"). As proposed by Appalachian, following completion of the Project, the existing Cliffview Substation, about 0.2 mile of the Cliffview 69 kV Tap, and approximately 14 miles of the double circuit 88 kV (operated at 69 kV) transmission line between Byllesby and Wythe Substations would be retired.[4]

On January 30, 2019, the Commission entered its Order for Notice and Hearing ("Procedural Order") which, among other things, directed the Company to provide notice of its Application to interested persons and the public; provided interested persons the opportunity to comment on the Application or to participate as a respondent in this proceeding; directed the Commission's Staff ("Staff") to investigate the Application and to file testimony and exhibits containing Staff's findings and recommendations; scheduled hearings to receive public witness testimony and other evidence on the Application; and assigned a Hearing Examiner to conduct further proceedings in this matter.

On March 29, 2019, Laurie Iris Burgaleta and Eugenio Burgaleta Jr. ("Respondents") filed a notice of participation in this proceeding.

As noted in the Procedural Order, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Project by the appropriate agencies and to provide a report on the review. On March 4, 2019, DEQ filed with the Commission its report ("DEQ Report"), which included a Wetlands Impact Consultation prepared by DEQ.[5] The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Findings and Recommendations regarding the proposed Project. The Company should:

- Conduct an on-site delineation of wetlands and streams within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Take all reasonable precautions to limit emissions of oxides of nitrogen and volatile organic compounds, principally by controlling or limiting the burning of fossil fuels;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, and follow DEQ's recommendations to manage waste, as applicable;
- Coordinate with Department of Conservation and Recreation ("DCR") for updates to the Biotics Data System database (if the scope of the project changes or six months passes before the project is implemented);
- Conduct a habitat assessment for the state-listed endangered bog turtle in coordination with the Department of Game and Inland Fisheries ("DGIF");
- Coordinate with DGIF regarding its general recommendations to protect aquatic and wildlife resources;
- Coordinate with the U.S. Fish and Wildlife Service regarding the protection of the federal-listed threatened northern long-eared bat associated with tree removal;
- Coordinate with Virginia Outdoors Foundation ("VOF") regarding its recommendation on the use of weathering steel monopole structures;
- Follow the principles and practices of pollution prevention to the extent practicable; and
- Limit the use of pesticides and herbicides to the extent practicable.[6]

On May 7, 2019, the Respondents filed a letter which presented proposals for modification of the proposed route for the Project.[7]

On May 21, 2019, Staff filed its testimony and exhibits summarizing the results of the investigation of the Company's Application. Staff concluded that the Company has reasonably demonstrated the need for the proposed Project. Staff also concluded that the proposed Project minimizes impact on existing residences, scenic assets, historic districts, and the environment.[8]

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[1] Exhibit ("Ex.") (Application) at 1.

[2] Ex. 1 (Application - Response to Guidelines) at 32-33.

[3] *Id.*

[4] *Id.* at 3.

[5] Ex. 12 (DEQ Report).

[6] *Id.* at 6-7.

[7] *See* Ex. 10 (Burgaleta Direct).

[8] Ex. 11 (de Leon Direct) at 23.

On June 4, 2019, Appalachian filed rebuttal testimony which, among other things, objected to several of the recommendations that were incorporated into the DEQ Report as well as objecting to the modifications to the proposed route supported by the Respondents.

On June 18, 2019, a hearing was convened in which Appalachian Power, the Respondents, and Staff participated.

The Report of Mary Beth Adams, Hearing Examiner ("Report"), was entered on July 17, 2019. In her Report, the Hearing Examiner found that:

(1) The Project is needed to maintain reliability for APCo's customers in the Galax Load Area;

(2) The Commission should approve the proposed route, including the ROW and the 500-foot corridor, for the transmission line portion of the Project;

(3) The Project would reasonably minimize adverse impact on the scenic assets, historic districts, and environment of the area concerned;

(4) The unopposed recommendations in the DEQ Report should be adopted by the Commission as conditions of approval;

(5) The Company should be required, where reasonable and practical, to utilize selective clearing methods to retain low-growth shrubs and other compatible vegetation within: (1) 50 feet of all year-round streams, ponds, or wetlands; (2) 50 feet of road crossings; (3) 100 feet of water supply wells; and (4) 25 feet of karst features and outcrops of limestone dolomite rock;

(6) The Project would support economic development; and

(7) The Commission should issue a Certificate for the Completion of the Project.[9]

On August 6, 2019, the Company filed a letter stating that it concurred with the Hearing Examiner's Report and had no comments thereon.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the proposed Project. The Commission finds that a certificate of public convenience and necessity authorizing the proposed Project should be issued, subject to certain findings and conditions contained herein.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

> Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted. . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Public Convenience and Necessity

The Commission finds that the proposed Project is necessary to maintain electric service reliability in the Project area. Specifically, the proposed Project will resolve projected thermal and voltage violations of the Company's Transmission Planning Reliability Criteria on several 69 kV facilities in the Galax Load Area.[10]

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[9] Report at 21-22.

[10] Ex. 11 (de Leon Direct) at 4-7.

Economic Development

The Commission finds that the proposed Project will promote economic development in the Commonwealth of Virginia, including the area of the proposed Project, by providing more reliable electric power to Carroll County and the City of Galax.[11]

Rights-of-Way and Routing

The proposed Project involves a new transmission line terminating at a new substation. There is no existing right-of-way available for consideration.[12] We further find that the Company's proposal to stay within the proposed corridor and shift the centerline 50 to 100 feet west of its original location is reasonable and should be approved. This proposal will result in facilities that are potentially more than 600 feet from the Respondent's residence; are located within the proposed 500-foot corridor; and are in an ROW that is not on the Respondent's property.

Scenic Assets and Historic Districts

The Commission finds that use of the Company's preferred route will minimize adverse impacts on scenic assets and historic districts in the Commonwealth of Virginia as required by § 56-46.1 B of the Code.[13]

Environmental Impact

Pursuant to §§ 56-46.1 A and B of the Code, the Commission is required to consider the proposed Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the proposed Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the proposed Project. The DEQ Report supports a finding that the Company's preferred route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report.[14] The Commission finds that as a condition of approval herein, the Company must comply with all of DEQ's recommendations as provided in the DEQ Report with the following exceptions.

The Commission adopts the Hearing Examiner's recommendation not to implement the DEQ recommendations on the 100-foot vegetative buffer around wetlands and streams, finding that the mitigation guidelines proposed by the Company are reasonable and should be utilized.[15] We agree with the Hearing Examiner and reject the recommendation to limit significant tree removal and ground clearing activities from March 15 to August 15, as it would be overly burdensome on the Company and could result in system-wide reliability issues.[16]

Four agencies that joined in the environmental review provided comments on the alternative routes. Based on these comments, we agree that the proposed route will have minimal impact on the environment of the area concerned.[17]

The Commission finds that the proposed dulled gray finish proposed for the structures will more effectively minimize visual impact and therefore should be approved. We further find that the structures for the proposed Project should be designed to provide the proper clearances required for safe operation under the National Electric Safety Code as proposed in the Application.

Accordingly, IT IS ORDERED THAT:

(1) Appalachian Power is authorized to construct and operate the proposed Project, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56.265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the proposed Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq*. of the Code, the Commission issues the following certificates of public convenience and necessity to Appalachian Power:

> Certificate No. ET-32f, authorizes Appalachian Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Carroll County and the City of Galax, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUR-2018-00188. Certificate No. ET-32e, issued to Appalachian Power Company on December 21, 1979, in Case No. 10848, is cancelled.

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[11] *Id*. at 22.

[12] Ex. 1 (Application – Response to Guidelines) at 19.

[13] Ex. 11 (de Leon Direct) at 23.

[14] The DEQ recommendations are set forth above and discussed in Ex. 12 (DEQ Report).

[15] Report at 18; *See also* Ex. 13 (Bledsoe Rebuttal) at 2-3.

[16] *Id.* at 19.

[17] *See* Report at 19.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation three (3) copies of an appropriate map that shows the routing of the transmission line approved herein, in addition to the facilities shown on the map cancelled for Certificate No. ET-32f.

(5) Upon receiving the maps directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the certificates of public convenience and necessity issued in Ordering Paragraph (3) with the appropriate map attached.

(6) The proposed Project approved herein must be constructed and in service by December 31, 2021. The Company, however, is granted leave to apply for an extension for good cause shown.

(7) This matter hereby is dismissed.

CASE NO. PUR-2018-00191
APRIL 23, 2019

APPLICATION OF
L5E, LLC

For a license to conduct business as an aggregator for electricity and natural gas

ORDER GRANTING LICENSE

On January 24, 2019, L5E, LLC ("L5E" or "Company") completed the filing of an application with the State Corporation Commission ("Commission") for licenses to do business as an electricity and natural gas aggregator in Virginia ("Application"). On January 30, 2019, L5E's Application was found to be complete. The Company seeks authority to provide aggregation services to eligible commercial, industrial, and governmental customers throughout the Commonwealth of Virginia.[1] The Company paid the applicable registration fee of $250.

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").[2]

On February 26, 2019, the Commission entered an Order for Notice and Comment regarding the Application ("Procedural Order") requiring the Company to serve a copy of the Procedural Order on the electric and gas utilities identified in Attachment A to the Procedural Order. By letter filed March 14th, 2019, the Company certified that it had completed the service required by the Commission's Procedural Order. The Proof of Service was filed at the Commission on March 14, 2019.

Comments were filed by Dominion and Kentucky Utilities Company on March 21, 2019, and March 22, 2019, respectively.

On March 27, 2019, the Staff filed its Report, which summarized L5E's Application and evaluated its financial and technical fitness. Staff recommended that a license be granted to conduct business as an aggregator of natural gas and electricity.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and applicable law, finds that L5E's Application for a license to conduct business as an aggregator of electricity and natural gas to commercial, industrial, and governmental customers throughout the service territories open to competition in the Commonwealth of Virginia should be granted, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) L5E is hereby granted License No. A-67 to provide competitive aggregation service for electricity and natural gas to commercial, industrial, and governmental customers throughout the service territories open to competition in the Commonwealth of Virginia. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

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[1] Retail choice for natural gas service only exists in the service territories of WGL and CVA. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under FERC authority since the mid-1980s. Retail choice for electric service exists only as set forth in the Code of Virginia and only in the service territories of APCo, Dominion, and the electric cooperatives.

[2] 20 VAC 5-312-10 *et seq.*

CASE NO. PUR-2018-00193
APRIL 30, 2019

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of an amendment to its natural gas conservation and ratemaking efficiency plan

FINAL ORDER

On April 29, 2016, the State Corporation Commission ("Commission") entered a Final Order in Case No. PUE-2015-00138,[1] which approved a three-year Conservation and Ratemaking Efficiency Plan ("CARE Plan") for Washington Gas Light Company ("WGL" or "Company"), effective May 1, 2016, pursuant to Chapter 25 of Title 56 (§§ 56-600 *et seq.*) of the Code of Virginia ("Code") (the "CARE Act").

On January 11, 2019, WGL filed a completed application ("Application") for approval to amend and extend its current CARE Plan ("Amended CARE Plan"). The Company proposes to revise and expand its portfolio of programs for residential, Commercial and Industrial ("C&I"), and Group Metered Apartment ("GMA") customers receiving service under Rate Schedule Nos. 1, 1A, 2, 2A, 3, and 3A.[2] WGL also proposes to increase funding to provide additional weatherization projects to low-income customers.[3]

The Company requests approval of the following revised residential programs: (1) Residential Home Equipment Program; (2) Online Home Energy Audit with Energy Conservation Kits Program; (3) Low-Income Weatherization Program; and (4) Behavioral Program.[4] For the eligible C&I and GMA customers, WGL seeks approval of three programs: (1) a revised Direct Installation Program; (2) a new Food Service Equipment Program; and (3) a revised Heating Equipment Program.[5]

The Company requests approval of a total budget of $8,500,000[6] for its Amended Care Plan for a three-year period to be effective from the first day of the May 2019 billing cycle.[7] The Company plans to recover the incremental costs of the Amended Care Plan program through a monthly CARE Cost Adjustment ("CCA") applied to customers' bills.[8] Additionally, WGL plans to implement a decoupling mechanism called the CARE Ratemaking Adjustment ("CRA").[9] The Company indicates that both the CCA and the CRA will be calculated and implemented using methodology previously approved by the Commission.

The Company represents that for the CCA in the first year of the Amended CARE Plan (i) a typical residential customer using 750 therms per year will experience a $4.12 increase; (ii) a typical C&I heating customer using 5,672 therms per year will experience a $17.61 increase; and (iii) a typical GMA heating customer using 16,803 therms per year will experience a $52.18 increase.[10]

On January 16, 2019, the Commission issued an Order for Notice and Comment that, among other things, docketed the Company's Application; directed the Company to provide public notice of its Application; allowed interested persons to file comments and request a hearing on the Application; directed the Commission's Staff ("Staff") to investigate the Application and to file a report ("Staff Report" or "Report") containing the Staff's findings and recommendations; and allowed the Company to file a response to the Staff Report and any comments filed by interested persons.[11]

On March 27, 2019, the Staff filed its Report on the Company's Application. Among other things, the Staff Report summarizes and examines the cost-effectiveness of the Company's proposed Amended CARE Plan.

In Part I of the Staff Report, Staff from the Division of Public Utility Regulation analyze the general assumptions and structure of WGL's cost/benefit model as well as the individual modifications proposed in the Application. Staff states that there is uncertainty regarding the verification of the natural gas savings inputs used in the cost/benefit analysis.[12] Staff notes that the Company's natural gas savings estimates for the existing measures provided

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[1] *Application of Washington Gas Light Company, For authority to amend its natural gas conservation and ratemaking efficiency plan,* Case No. PUE-2015-00138, 2016 S.C.C. Ann. Rept. 338, Final Order (April 29, 2016) ("2016 Order").

[2] Application at 1-2.

[3] *Id.* at 2.

[4] *Id.* at 3.

[5] *Id.*

[6] *Id.* at 1. The Company states that of the total budget request, approximately 78% is targeted for the residential programs, and approximately 22% is targeted of the commercial programs. *Id.* at 2-3.

[7] The Company indicates that the first day of the May 2019 billing cycle will be April 29, 2019. *Id.* at 1.

[8] *Id.* at 2.

[9] *Id.* at 10.

[10] *Id.* at 2, 9.

[11] No comments, notices of participation, or requests for hearing were received.

[12] Staff Report (Part I) at 15-16.

by the Company's independent consultants in the 2018 Annual CARE Report were based on estimated savings inputs rather than Company specific measurements. Staff believes that this does not comply with the Commission's directive in the 2016 Order that the Company incorporate independently measured and verified estimates of natural gas savings.[13]

In analyzing the proposed programs, Staff relied on the data provided by the Application.[14] Staff did not oppose continuing the Residential Home Energy Reporting Program[15] and the Residential Low-Income Program.[16] While expressing concerns that the impact data was not based on Virginia-specific utility data, Staff acknowledged that the Residential Online Energy Audit and Energy Conservation Kit Program were popular.[17] Ultimately, Staff did not oppose or support these programs.[18]

Staff found that neither the Commercial Equipment Program or the Commercial Direct Install Program complied with the 2016 Order to use measured and verified utility specific data.[19] Instead, WGL relied on the Mid-Atlantic Technical Resource Manual ("TRM") for estimates. Because of the use of the data from the Mid-Atlantic TRM, Staff could not support these two programs.

Staff found that the Commercial Food Service Program was not a credible option given the difficulties that the Company experienced with a similar program that the Company had previously discontinued.[20] Staff did not support this program.

Staff noted that the Company is currently under-budget with its current CARE Plan. Staff raised the question of whether the Company's proposed CARE Plan budget increase was necessary.[21] Further, Staff did not support the proposed budget increase.

In Part II of the Staff Report, Staff from the Division of Utility Accounting and Finance summarizes Staff's audit of the compliance and internal control aspects of the Company's current CARE Plan, and the Company's costs, recoveries, and deferral balances.

Generally, Staff noted no issues with the Company's compliance with internal controls for its CARE Plan programs and notes that the costs incurred by the Company during the audit period appear to be reasonable and prudent.[22] Staff also noted no significant issues with administrative costs associated with rebate processing or with the portfolio level evaluation, measurement and verification ("EM&V") costs. Staff found one issue with the CCA deferral balance.[23] Specifically, Staff determined that the Company may have made an inadvertent formula error of transposing costs and recoveries when calculating the CCA for commercial customers. Staff recommends that WGL correct the book deferral for this error, report on such correction within 30 days of the entry of the Final Order in this proceeding and incorporate such correction in the next CCA reconciliation factor.[24] Staff additionally recommended that the Company should record CCA carrying charges to the CCA deferral. Staff further recommended that the Company should provide a reconciliation of the book deferral balance with the over/under-recovery amount incorporated in the CCA reconciliation factor, including reporting on the treatment of carrying charges, in each annual CCA reconciliation filing.[25] Staff found no issues with the Company's accounting methodology and deferral balances for the CARE Program Cost Recovery Adjustment and Revenue Normalization Adjustment.[26] Staff, however, did recommend that the Company provide CRA reporting as of April 30 of each year that includes a reconciliation of the book deferral balance with the over/under-recovery amount incorporated in the CRA reconciliation factor.[27]

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[13] *Id*. at 17. *See* 2016 Order, 2016 S.C.C. Ann. Rept. at 341 ("[A]ny subsequent request by WGL to amend the CARE Plan approved herein, or to implement a new CARE Plan, shall . . . (c) provide evidence of the incremental, independently verified net economic benefits created by the Company's CARE Plan approved herein to support any request to continue or modify other programs approved in this case.")

[14] *Id.* at 17.

[15] *Id.* at 19. Staff notes that the proposed program would pass the cost/benefit tests at 40,000 participants as well as the overall incremental costs by $150,000 compared to the 50,000 participants as proposed by the Company.

[16] *Id.* at 21.

[17] *Id.* at 20.

[18] *Id.* at 25.

[19] *Id*. at 22-23.

[20] *Id.* at 22.

[21] *Id.* at 23, 25.

[22] *See* Staff Report (Part II) at 7-19.

[23] *Id.* at 19.

[24] *Id.*

[25] *Id.* at 19-20.

[26] *Id.* at 22-24.

[27] *Id.* at 24.

On April 3, 2019, the Company filed its Response to the Staff Report ("Response"). WGL's Response asserts that all of the proposed programs have cost/benefit assumptions that are reasonable and consistent with industry standards.[28] With regard to compliance with the 2016 Order, the Company urges the Commission to approve the proposed programs because WGL incorporated incremental, independently verified net economic benefits for programs where utility specific data was not available.[29]

With regard to the proposed Residential Home Equipment Program, and the Commercial Direct Install and Commercial Heating Equipment Programs, the Company asserts that it needs more time to collect EM&V data.[30] The Company states that when incremental independently verified net economic benefits are not available, it is appropriate to use industry standard assumptions, such as the Mid-Atlantic TRM, as a proxy.[31] The Company asserts that it used reasonable industry resources for the cost and incentive information for these programs, that the cost/benefit analysis shows that the programs are cost beneficial, and thus they should be approved.[32]

For the Commercial Service Program, the Company takes issue with Staff's conclusion that it is not a credible option.[33] WGL claims that the program education and outreach will be performed in a better way compared to the previous program.[34] The Company also asserts that it has been successfully running a similar incentive program in its Maryland service territory since 2015.[35]

WGL also asserts that the Home Energy Reporting Program passes the cost/benefit tests at the proposed 50,000 participants and should be approved.[36]

NOW THE COMMISSION, upon consideration of this matter and based on the record herein, is of the opinion and finds that the Company's Amended CARE Plan, as modified in accordance with the findings made herein and subject to the requirements in this Order, satisfies the statutory provisions of the CARE Act and is therefore approved.

The 2018 Session of the Virginia General Assembly enacted legislation, which revised the definition of "Cost-effective conservation and energy efficiency program" in § 56-600 of the CARE Act to state, in part (emphases added):[37]

> a program approved by the Commission that is . . . determined by the Commission to be cost-effective if the net present value of the benefits exceeds the net present value of the costs *as determined by not less than any three of* the following four tests: the Total Resource Cost Test, the Program Administrator Test (also referred to as the Utility Cost Test), the Participant Test, and the Ratepayer Impact Measure Test. Such a determination shall include an analysis of all four tests, and a program or portfolio of programs *shall be approved if the net present value of the benefits exceeds the net present value of the costs as determined by not less than any three of the four tests*.

As required by the CARE Act, in evaluating WGL's Application, we have considered the net present value ("NPV") of the benefits and the NPV of the costs under the four tests listed above.

The Commission approves the following programs as proposed in the Application: (1) the Home Energy Reporting Program, (2) the Residential Energy Conservation Kit Program, and (3) the Residential Low-Income Program.

We considered Staff's concern that there is a degree of uncertainty concerning the accuracy of the Company's natural gas savings because they appear to be based, at least in part, on estimates or assumptions rather than independently measured and verified data. While non-utility specific Virginia data can be appropriate in certain circumstances,[38] we find that the Company has failed to justify doing so with some of the proposed revised programs under the limited circumstances of this proceeding. Because Company-specific data from the currently existing programs was not used, as required by the 2016 Order, we find that the underlying data and inputs for the cost/benefit tests are not credible or reasonable for this purpose. Therefore, we deny WGL's request to implement three of the proposed Amended CARE Plan programs for that reason: (1) the Commercial Heating Equipment Program, (2) the Commercial Direct Install Program, and (3) the Residential Home Equipment Program.

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[28] Response at 3.

[29] *Id*.

[30] *Id.* at 4.

[31] *Id.*

[32] *Id.*

[33] *Id.* at 10.

[34] *Id*.

[35] *Id.*

[36] *Id.* at 11.

[37] Chapter 296 of the 2018 Acts of Assembly.

[38] 2016 Order at 341.

Additionally, we share Staff's concern with the proposed Commercial Food Service Program based upon the difficulty the Company experienced with a previously approved similar program. WGL experienced little interest with that program[39], and the Company has not provided sufficient information to support its claim that there is sufficient interest in this program to achieve the participation levels. The request for the proposed Commercial Food Service Program is therefore denied.

We find that WGL should correct the formula error in the calculation of the CCA for commercial customers that Staff found during its audit of the deferral balance. The Commission adopts Staff's recommended CRA and CCA reporting requirements.

We also approve a total budget of $5,172,311 for the three-year Phase 4 CARE Plan.

On or before August 1, 2019, and each August 1 thereafter, in accordance with the Commission's Rules Governing the Evaluation, Measurement, and Verification of the Effects of Utility-Sponsored Demand-Side Management Programs,[40] the Company shall file an annual report that measures and verifies the actual results of its CARE Plan. As required by § 56-602 E of the Code, such reports also shall show "the year over year weather-normalized use of natural gas on an average customer basis, by customer class, as well as the incremental, independently verified net economic benefits created by the utility's cost-effective conservation and energy-efficiency programs during the previous year." The annual reports required herein shall provide significant information in evaluating whether certain programs are cost effective and warrant continuation or modification thereof.

Further, the annual reports for existing programs and measures shall utilize Company-specific data to analyze the cost-effectiveness and natural gas savings for each measure, program, and the overall portfolio. For new programs and measures, if Company-specific data is not available, the Company shall substitute such data with Virginia-specific data to analyze the cost-effectiveness and natural gas savings for each measure, program, and the overall portfolio and shall explain why Company-specific data is not available for EM&V purposes. If neither Company- nor Virginia-specific data is available for purposes of EM&V reporting, the Company shall state with specificity why such information is not available, and it shall utilize alternative data and support the validity of such alternative information.

In addition, 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. Moreover, all costs should be scrutinized to ensure that such expenditures are closely and definitely related to the programs and measures approved herein and are not used, for example, to serve general marketing or public relations purposes. In addition, the annual report shall identify the number of participants in each of the programs and measures approved herein. In future CARE Plan applications, WGL shall allocate program costs among program measures in its cost benefit calculations, when directly assignable.

Finally, any subsequent request by WGL to amend the CARE Plan approved herein, or to implement a new CARE Plan, shall: (a) incorporate the results from the annual reports required herein; (b) provide measured and verified *evidence* of energy savings to support any request to continue or modify programs designed for low-income or elderly customers; and (c) provide measured and verified *evidence* of energy savings and cost-effectiveness to support any request to continue or modify other programs approved herein and in the currently-approved CARE Plan. For clarification, the third requirement above means the Company shall use independently verified net benefits, including natural gas savings, as *inputs* in the Company's cost/benefit analysis for any request to continue or amend an existing CARE program. If the Company is not able to use independently verified net benefits as inputs in the Company's cost/benefit analysis in future CARE Plan filings, the Company shall state with specificity why such information is not available and it shall utilize alternative data and support the validity of such alternative information. Any application to which this filing requirement applies may be deemed incomplete, pursuant to Rule 5 VAC 5-20-160 of the Commission's Rules of Practice and Procedure, if the information directed herein is not included in such application.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application for approval to amend its CARE Plan is approved in part and denied in part as set forth in this Final Order and shall be effective May 1, 2019, for a period of three (3) years.

(2) Within thirty (30) days of the entry of this Final Order, WGL shall correct the formula error in the book deferral for the calculation of the CCA for commercial customers and file a report on such correction. Such correction shall be incorporated into the next CCA reconciliation factor, along with CCA carrying charges to the CCA deferral, and included in each annual CCA reconciliation filing.

(3) The Company shall file revised tariffs and terms and conditions of service with the Commission's Division of Public Utility Regulation within thirty (30) days of the entry of this Final Order.

(4) This matter is dismissed.

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[39] WGL acknowledges that participation for the previous program did not meet its forecasts. Response at 10.

[40] 20 VAC 5-318-10, *et seq.*

CASE NO. PUR-2018-00194
APRIL 12, 2019

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval of an amendment to its conservation and ratemaking efficiency plan

FINAL ORDER

On April 6, 2016, the State Corporation Commission ("Commission") entered a Final Order in Case No. PUE-2015-00129,[1] which approved a three-year Conservation and Ratemaking Efficiency Plan ("CARE Plan") for Virginia Natural Gas, Inc. ("VNG" or "Company"), effective June 1, 2016, pursuant to Chapter 25 of Title 56 (§§ 56-600 *et seq.*) of the Code of Virginia ("Code") (the "CARE Act").

On December 17, 2018, VNG filed an application ("Application") for approval to amend and extend its current CARE Plan ("Amended CARE Plan" or "Phase 4"). The Company proposes to extend the main components of the currently-approved CARE Plan and allow customers to continue to have the opportunity to participate. Additionally, VNG proposes to (1) modify the Programmable Thermostat Incentive measure to allow for differentiation between programmable and Wi-Fi enabled or "smart" thermostats, (2) update the items included in the do-it-yourself energy savings kit provided under the Home Energy Audit Program, and (3) make changes to the Customer Education and Outreach Program.[2]

The Company requests approval of an average annual increase in spending in the amount of $27,600 over the current annual budget for Program Year 3 ("PY3") of the currently-approved CARE Plan.[3] The Company also proposes to continue the 5% participation and spending variance approved in the 2016 Order.[4] The Company represents that the average residential customer using 559 CCF annually will see an average annual bill increase of $0.10 over the current PY3 average annual charge of $1.52.[5] If approved by the Commission, the Company proposes to implement its Amended CARE Plan effective June 1, 2019, for the three-year period ending May 31, 2022.[6]

In the Application, the Company states that its only proposed modification to its Commission-approved CARE Plan decoupling and program cost recovery mechanism, designated Rider D,[7] is a change in the per CCF rate cap from $0.07 to $0.09 based on the rates approved in VNG's most recent base rate case, Case No. PUE-2016-00143.[8]

On January 9, 2019, the Commission issued an Order for Notice and Comment that, among other things, docketed the Company's Application; directed the Company to provide public notice of its Application; allowed interested persons to file comments and request a hearing on the Application; directed the Commission's Staff ("Staff") to investigate the Application and to file a report ("Staff Report" or "Report") containing the Staff's findings and recommendations; and allowed the Company to file a response to the Staff Report and any comments filed by interested persons.[9]

On March 8, 2019, the Staff filed its Report on the Company's Application. Among other things, the Staff Report summarizes and examines the cost-effectiveness of the Company's proposed Amended CARE Plan. In Part I of the Staff Report, Staff from the Division of Public Utility Regulation analyzes the general assumptions and structure of VNG's cost/benefit model as well as the individual modifications proposed in the Application. Staff states that there is uncertainty regarding the verification of the natural gas savings inputs used in the cost/benefit analysis.[10] Staff notes that the Company's natural gas savings estimates for the existing measures come from the Company's 2018 Annual CARE Report and were estimated by the Company rather than the Company's independent evaluation, measurement and verification ("EM&V") consultant.[11] Staff believes that this does not appear to comply with the Commission's directive in the 2016 Order that the Company incorporate independently measured and verified estimates of natural gas savings.[12]

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[1] *Application of Virginia Natural Gas, Inc., For authorization to amend its conservation and ratemaking efficiency plan pursuant to Chapter 25 of Title 56 of the Code of Virginia,* Case No. PUE-2015-00129, 2016 S.C.C. Ann. Rept. 325, Final Order (April 6, 2016) ("2016 Order").

[2] Application at 3.

[3] Pre-filed Direct Testimony of Tyler W. Lake at 9.

[4] *Id.* at 9-10.

[5] Pre-filed Direct Testimony of James R. Kibler, Jr., at 6.

[6] Application at 1.

[7] Rider D is designed to adjust sales consistent with the CARE Act and only applies to VNG's residential customers taking service on Rate Schedule 1 (Residential Firm Gas Sales Service) and Rate Schedule 3 (Residential Air Conditioning Firm Gas Sales Service). *See* Application at 4 n.10.

[8] Application at 8; Pre-filed Direct Testimony of John M. Cogburn at 5. *See Application of Virginia Natural Gas, Inc., For a general increase in rates and for authority to revise the terms and conditions applicable to natural gas service*, Case No. PUE-2016-00143, 2017 S.C.C. Ann. Rept. 423, Final Order (Dec. 21, 2017).

[9] No comments, notices of participation, or requests for hearing were received.

[10] Staff Report (Part I) at 13.

[11] *Id.* at 12.

[12] *Id*. *See* 2016 Order, 2016 S.C.C. Ann. Rept. at 329 ("[A]ny subsequent request by VNG to amend the CARE Plan approved herein, or to implement a new CARE Plan, shall … (c) provide evidence of the incremental, independently verified net economic benefits created by the Company's CARE Plan approved herein to support any request to continue or modify other programs approved in this case.")

Staff further notes that VNG's third-party EM&V consultant was unable to verify the Company's savings numbers, and there is "considerable uncertainty" associated with the consultant's gas savings estimates.[13] In an attempt to reconcile the Company's savings estimates with those of its EM&V consultant, Staff inserted the averages of the two sets of numbers into the Company's cost/benefit model, and states that the programs pass three of the four requisite cost/benefit tests.[14] Based on Staff's modified cost/benefit analysis, Staff is not opposed to continuing the High Efficiency Gas Storage Water Heater measure, High Efficiency Gas Furnace measure, Home Energy Audit Program, Low Income Weatherization Program, and Customer Education and Outreach Program.[15] Staff does, however, recommend that the Commission direct VNG to "substantially revise" its EM&V "to produce reliable and *independently derived* estimates."[16]

In addition, Staff supports the newly proposed smart thermostat measure but does not support continuation of the programmable thermostat measure as it is now considered a baseline technology.[17] Staff notes that the Company projects a combined total of 400 participating customers per year in the programmable and smart thermostat measures. Staff does not oppose the Company offering only the smart thermostat measure and maintaining the same overall planned participation.[18]

In Part II of the Staff Report, Staff from the Division of Utility Accounting and Finance summarizes Staff's audit of the compliance and internal control aspects of the Company's current CARE Plan, and the Company's costs, recoveries and deferral balances. Staff notes no issues with the Company's compliance with internal controls for its CARE Plan programs and notes that the costs incurred by the Company during the audit period appear to be reasonable and prudent.[19] Staff also notes no significant issues with administrative costs associated with rebate processing or with the portfolio level EM&V costs.[20] Staff further finds no issues with the Company's accounting methodology and deferral balances for the CARE Program Cost Recovery Adjustment and Revenue Normalization Adjustment.[21]

On March 15, 2019, the Company filed the Rebuttal Testimony of Tyler W. Lake. The Company accepts Staff's proposed change to the Phase 4 Residential Home Incentive Program, whereby the Company will only offer an incentive for smart thermostats.[22] The Company further states no objection to revising its EM&V in the future as recommended by Staff.[23]

The Company disagrees with Staff's statement that the Company's use of estimated natural gas savings, rather than independently verified natural gas savings, as inputs to the cost-effectiveness analysis does not appear to comply with the Commission's 2016 Order.[24] Nevertheless, the Company states that it is not opposed to hiring an independent third party to analyze and provide savings estimates that will be used in the cost-benefit analysis in future reports and CARE Plan proposals or modifications.[25] The Company also does not object to relying on Staff's "average" natural gas savings to measure cost-effectiveness for purposes of this Application.[26]

NOW THE COMMISSION, upon consideration of this matter and based on the record herein, is of the opinion and finds that the Company's Amended CARE Plan, as modified in accordance with the findings made herein and subject to the requirements in this Order, satisfies the statutory provisions of the CARE Act and is therefore approved.

The 2018 Session of the Virginia General Assembly enacted legislation, which revised the definition of "Cost-effective conservation and energy efficiency program" in § 56-600 of the CARE Act to state, in part (emphases added):[27]

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[13] Staff Report (Part I) at 13-14.

[14] *Id.* at 15.

[15] *Id.* at 15, 17-19, 21-23.

[16] *Id.* at 15-16.

[17] *Id.* at 19-21.

[18] *Id*. at 20-21.

[19] *See* Staff Report (Part II) at 32-38, 44.

[20] *Id.* at 40.

[21] *Id.* at 43-45.

[22] Pre-filed Rebuttal Testimony of Tyler W. Lake at 3.

[23] *Id.* at 4.

[24] *Id.* at 5.

[25] *Id.* at 5-6.

[26] *Id.* at 6.

[27] Chapter 296 of the 2018 Acts of Assembly.

> a program approved by the Commission that is … determined by the Commission to be cost-effective if the net present value of the benefits exceeds the net present value of the costs *as determined by not less than any three of* the following four tests: the Total Resource Cost Test, the Program Administrator Test (also referred to as the Utility Cost Test), the Participant Test, and the Ratepayer Impact Measure Test. Such a determination shall include an analysis of all four tests, and a program or portfolio of programs *shall be approved if the net present value of the benefits exceeds the net present value of the costs as determined by not less than any three of the four tests*.

As required by the CARE Act, in evaluating VNG's Application, we have considered the net present value ("NPV") of the benefits and the NPV of the costs under the four tests listed above. We considered Staff's concern that there is a degree of uncertainty concerning the accuracy of the Company's natural gas savings numbers because they appear to be based, at least in part, on estimates or assumptions rather than independently measured and verified data.[28] Although we share Staff's concerns, we approve the continuation of the following, as proposed in the Application but with Staff's modification to remove the programmable thermostat measure, under the limited circumstances of this case: (1) Residential Home Incentive Program, (2) Home Energy Audit Program, (3) Low-Income Weatherization Program, and (4) Education and Outreach Program.

We also approve the increase to VNG's proposed budget by $6,000 annually, in accordance with Staff's recommendation that the Phase 4 Residential Home Incentive Program only include incentives for smart thermostats, and not programmable thermostats, for a total three-year Phase 4 CARE Plan budget of $1,346,406. We further approve the Company's request to continue the 5% participation and spending variance.

Additionally, we direct the Company to continue to require proof of installation for the water heater and furnace measures in the Residential Home Incentive Program, as required in the 2016 Order,[29] and to provide information about its controls and procedures for rebate, incentive and/or vendor payments for each CARE program in the Company's annual CARE Plan reports.

On or before August 1, 2019, and each August 1 thereafter, in accordance with the Commission's Rules Governing the Evaluation, Measurement, and Verification of the Effects of Utility-Sponsored Demand-Side Management Programs,[30] the Company shall file an annual report that measures and verifies the actual results of its CARE Plan. As required by § 56-602 E of the Code, such reports also shall show "the year over year weather-normalized use of natural gas on an average customer basis, by customer class, as well as the incremental, independently verified net economic benefits created by the utility's cost-effective conservation and energy-efficiency programs during the previous year." The annual reports required herein shall provide significant information in evaluating whether certain programs are cost effective and warrant continuation or modification thereof. We further adopt Staff's recommendation that VNG be directed to revise its EM&V process "to produce reliable and *independently derived* estimates" of natural gas savings.[31]

Further, the annual reports for existing programs and measures shall utilize Company-specific data to analyze the cost-effectiveness and natural gas savings for each measure, program, and the overall portfolio. For new programs and measures, if Company-specific data is not available, the Company shall substitute such data with Virginia-specific data to analyze the cost-effectiveness and natural gas savings for each measure, program, and the overall portfolio and shall explain why Company-specific data is not available for EM&V purposes. If neither Company- nor Virginia-specific data is available for purposes of EM&V reporting, the Company shall state with specificity why such information is not available, and it shall utilize alternative data and support the validity of such alternative information.

In addition, 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. Moreover, all costs should be scrutinized to ensure that such expenditures are closely and definitely related to the programs and measures approved herein and are not used, for example, to serve general marketing or public relations purposes. In addition, the annual report shall identify the number of participants in each of the programs and measures approved herein. In future CARE Plan applications, VNG shall allocate program costs among program measures in its cost benefit calculations, when directly assignable.

Finally, any subsequent request by VNG to amend the CARE Plan approved herein, or to implement a new CARE Plan, shall: (a) incorporate the results from the annual reports required herein; (b) provide measured and verified evidence of energy savings to support any request to continue or modify programs designed for low-income or elderly customers; and (c) provide measured and verified evidence of energy savings and cost-effectiveness to support any request to continue or modify other programs approved herein and in the currently-approved CARE Plan. For clarification, the third requirement above means the Company shall use independently verified net benefits, including natural gas savings, as *inputs* in the Company's cost/benefit analysis for any request to continue or amend an existing CARE program. If the Company is not able to use independently verified net benefits as inputs in the Company's cost/benefit analysis in future CARE Plan filings, the Company shall state with specificity why such information is not available and it shall utilize alternative data and support the validity of such alternative information. Any application to which this filing requirement applies may be deemed incomplete, pursuant to Rule 5 VAC 5-20-160 of the Commission's Rules of Practice and Procedure, if the information directed herein is not included in such application.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application for approval to amend its CARE Plan is approved in part and denied in part as set forth in this Final Order and shall be effective June 1, 2019, for a period of three (3) years.

(2) The Company shall file revised tariffs and terms and conditions of service with the Commission's Division of Public Utility Regulation within thirty (30) days of the entry of this Final Order.

(3) This matter is dismissed.

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[28] Staff Report at 12.

[29] *See* 2016 Order, 2016 S.C.C. Ann. Rept. at 328.

[30] 20 VAC 5-318-10, *et seq.*

[31] *See* Staff Report at 15-16.

CASE NO. PUR-2018-00195
AUGUST 5, 2019

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a rate adjustment clause, designated Rider E, for the recovery of costs incurred to comply with state and federal environmental regulations pursuant to § 56-585.1 A 5 e of the Code of Virginia

FINAL ORDER

On December 14, 2018, pursuant to Code § 56-585.1 A 5 e and the State Corporation Commission's ("Commission") Rules Governing Utility Rate Applications and Annual Informational Filings,[1] Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed with the Commission a petition ("Petition") for approval of a rate adjustment clause, designated Rider E, for the recovery of costs incurred to comply with state and federal environmental regulations.

The Company seeks cost recovery for certain environmental projects located at the Company's Chesterfield Power Station ("Chesterfield"), Clover Power Station ("Clover"), and Mt. Storm Power Station ("Mt. Storm") (collectively, "Power Stations").[2] The Petition states that the environmental projects are required for Dominion to comply with the United States Environmental Protection Agency's ("EPA") "Hazardous and Solid Waste Management System; Disposal of Coal Combustion Residuals From Electric Utilities; Final Rule" ("CCR Rule").[3] The Company states that to comply with the CCR Rule, it is required to close or retrofit certain coal ash ponds and certain water treatment basins and flue gas desulfurization sludge ponds that contain coal ash at its coal-fired power stations.[4] In addition, the Company asserts that compliance with the EPA's Steam Electric Power Generating Effluent Guidelines ("ELG Rule") is also a driver of certain of the environmental projects.[5]

The Company seeks recovery of three general categories of costs: (i) actual costs associated with closure of existing assets (such as a coal ash pond) at the Power Stations; (ii) actual and projected costs associated with newly constructed assets necessary to allow the Power Stations to continue to operate in compliance with environmental laws and regulations; and (iii) actual and projected costs associated with asset retirement obligations for the newly constructed assets.[6]

Dominion asks the Commission to approve Rider E for the rate year beginning November 1, 2019, and ending October 31, 2020 ("2019 Rate Year").[7] The Company states that the components of the revenue requirement are: the Projected Cost Recovery Factor; the Allowance for Funds Used During Construction Cost Recovery Factor; and the Actual Cost True-Up Factor.[8] Dominion originally requested a total revenue requirement of $113,650,000 for service rendered during the 2019 Rate Year; after making certain adjustments and corrections during the course of this proceeding, the Company now supports a revised total revenue requirement of $107,354,000.[9] In addition, for purposes of calculating the revenue requirement in this case, Dominion utilized a rate of return on common equity of 9.2%, which was approved by the Commission in its Final Order in Case No. PUR-2017-00038.[10]

On January 8, 2019, the Commission issued an Order for Notice and Hearing that, among other things: established a procedural schedule; set an evidentiary hearing date; directed Dominion to provide public notice of its Petition; and provided interested persons an opportunity to file comments on the Petition or to participate in the case as a respondent by filing a notice of participation. Notices of participation were filed by: Sierra Club; Virginia Committee for Fair Utility Rates ("Committee"); and the Virginia Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel").[11]

On June 10, 2019, Sierra Club filed a Motion *in Limine*.[12]

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[1] 20 VAC 5-201-10 *et seq.*

[2] Ex. 2 (Petition) at 3-4.

[3] *Id.* at 4.

[4] Ex. 3 (Taylor Direct) at 4.

[5] Ex. 2 (Petition) at 5.

[6] Ex. 2 (Petition) at 3; Ex. 3 (Taylor Direct) at 3.

[7] Ex. 2 (Petition) at 5; Ex. 6 (Givens Direct) at 2.

[8] Ex. 2 (Petition) at 5; Ex. 6 (Givens Direct) at 3.

[9] *See* Ex. 2 (Petition) at 7; Ex. 18 (Davis Supp.) at 2; Tr. 14.

[10] Ex. 2 (Petition) at 5; *Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses,* Case No. PUR-2017-00038, 2017 S.C.C. Ann. Rept. 475, Final Order (Nov. 29, 2017).

[11] The Commission also received three electronically-submitted public comments on the Petition.

[12] As the Motion *in Limine* is now moot, the Commission shall not rule thereon.

On June 11-12, 2019, the Commission convened an evidentiary hearing on the Petition. The Company, Sierra Club, the Committee, Consumer Counsel, and Commission Staff ("Staff") participated at the hearing.[13] On June 26, 2019, each of these participants filed an issues list as directed by the Commission.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code of Virginia

Code § 56-585.1 A 5 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: …
>
> e. Projected and actual costs of projects that the Commission finds to be necessary to comply with state or federal environmental laws or regulations applicable to generation facilities used to serve the utility's native load obligations. The Commission shall approve such a petition if it finds that such costs are necessary to comply with such environmental laws or regulations; ….

Code § 56-585.1 D further provides in part:

> The Commission may determine, during any proceeding authorized or required by this section, the reasonableness or prudence of any cost incurred or projected to be incurred, by a utility in connection with the subject of the proceeding. A determination of the Commission regarding the reasonableness or prudence of any such cost shall be consistent with the Commission's authority to determine the reasonableness or prudence of costs in proceedings pursuant to the provisions of Chapter 10 (§ 56-232 et seq.). ….

Mt. Storm and Clover Power Stations

No party asserted that the costs of the environmental projects at Mt. Storm ($48.0 million) and Clover ($7.6 million) fail to satisfy the above statutory criteria.[14] The Commission approves the Company's request to recover the environmental project costs identified in this case attendant to these two power stations.[15]

Chesterfield Power Station

The environmental projects at Chesterfield involve Units 3, 4, 5, and 6. These projects totaled $246.9 million and are comprised of the following: Wet-to-Dry Conversion ($124.2 million); Reymet Road Landfill ("Landfill") ($66.8 million); and Low Volume Waste Water Treatment System ("Waste Water Treatment System") ($55.9 million).[16]

Consumer Counsel asserts that Dominion did not "carry its burden of proof and establish that it reasonably and prudently incurred the costs" of the environmental projects for Chesterfield Units 3, 4, 5, and 6.[17] Similarly, Sierra Club argues that the Company has not "met its obligation to demonstrate" that its investment in these environmental projects was "reasonable and prudent."[18] Sierra Club also asserts that Dominion has failed to demonstrate that the environmental projects at Chesterfield "will be used and useful going forward."[19]

The Commission has fully considered the evidence and arguments in the record supporting and opposing Dominion's requests.[20] To the extent there is conflicting evidence or differing opinions from expert witnesses, the Commission has interpreted such and decided how much "weight to afford it."[21] Further, the Commission has concluded that its findings in this matter are properly supported by the record.[22]

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[13] No public witnesses appeared to testify at the hearing. Tr. 10.

[14] *See, e.g.,* Tr. 17, 30, 178, 478.

[15] In addition, the Commission approves an accelerated five-year recovery period for the asset retirement cost associated with the ponds at Mt. Storm and Clover, which was not opposed by the Company and will result in a lower lifetime revenue requirement to be paid by customers. *See, e.g.,* Ex. 18 (Davis Direct) at 16; Ex. 18 (Davis Supp.) at 4; Ex. 22; Ex. 25 (Givens Rebuttal) at 7.

[16] *See, e.g.,* Ex. 4 (Mitchell Direct) at 7-8; Ex. 15 (Norwood) at 6.

[17] Consumer Counsel's June 26, 2019 Issues List at 1.

[18] Sierra Club's June 26, 2019 Issues List at 1-3.

[19] *Id*. at 5.

[20] *See also Board of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 454 n.10 (2016) ("We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence of record.") (citation omitted).

[21] *City of Alexandria v. State Corp. Comm'n*, 296 Va. 79, 102 (2018) ("The Commission is entitled to interpret the conflicting evidence and to decide the weight to afford it.") (citing *Board of Supervisors of Loudoun County*, 292 Va. at 458) (internal quotation marks omitted).

[22] *See, e.g., id.* ("[W]hether the Commission could have [reached a different conclusion] … is not the standard. … Instead, the question is whether there is sufficient evidence in the record to support the Commission's finding ….") (internal quotation marks and citations omitted).

Wet-to-Dry Conversion for Units 3 and 4

In December 2018, the Company placed Chesterfield Units 3 and 4 into cold storage.[23] In March 2019, Dominion announced the retirement of Units 3 and 4 permanently.[24] As a result, the Wet-to-Dry Conversion for Units 3 and 4 is not used in providing service to the public and is not providing benefits to retail customers.[25] In addition, because these units are retired, the Wet-to-Dry Conversion is not currently necessary to comply with federal regulations.

In this instance, however, such finding does not end the analysis. The Commission will also consider the Company's assertion that it was reasonable and prudent to incur the Wet-to-Dry Conversion cost for Units 3 and 4 based on the circumstances at the time Dominion made such investment decision.[26] In this regard, the Commission finds that Dominion has failed to establish in the instant proceeding that it was reasonable and prudent to incur this environmental capital cost for Units 3 and 4 based on the circumstances existing at such time.

The Company made the investment decision at issue herein in the June 2015 timeframe.[27] In June 2015, however, the Company's own analyses showed that Units 3 and 4 were expected to be either retired, or retrofitted to burn natural gas, by 2020. In June 2014, the EPA issued its proposed Clean Power Plan ("CPP") to regulate carbon emissions from existing power plants.[28] When Dominion subsequently filed its 2015 Integrated Resource Plan ("2015 IRP") with the Commission on July 1, 2015, the Company concluded that "it is *prudent* to begin planning *now* for implementation of a final [CPP] rule substantially similar to the proposed [CPP] released in 2014."[29]

In accordance with this assertion, Dominion's 2015 IRP presented four possible CPP-compliant resource plans that "represent[ed] long-term plausible paths for compliance with the [CPP]."[30] Under each of these plans, Units 3 and 4 were either retired, or retrofitted to burn natural gas, by 2020.[31] It is undisputed that the Company had these 2015 IRP results when it decided to make the environmental investment for Units 3 and 4.[32] In addition, Dominion prepared a subsequent analysis in 2015, which similarly concluded that Units 3 and 4 should continue operation only in the "short term," and that life extension capital expenditures for these units should be "avoid[ed]."[33] Indeed, consistent with its own internal analyses, Dominion's operating team at Units 3 and 4 successfully sought out reasonable alternatives to repair these units without incurring life extension capital expenditures and, furthermore, reasonably "avoided other major capital investments" for these units.[34] Yet, with all of this information in hand, the Company's management contemporaneously chose to proceed with investing additional long-term environmental compliance capital into these units.[35]

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[23] *See, e.g.,* Ex. 21 (Myers) at 2; Ex. 23 (Abbott) at Attachment GLA-1.

[24] *See, e.g.,* Ex. 9 (Fisher) at 7; Ex. 23 (Abbott) at Attachment GLA-1.

[25] The incremental portion of the Wet-to-Dry Conversion cost attributable to Units 3 and 4 is $18.4 million. *See, e.g.,* Tr. 17; Ex. 21 (Myers) at 1-2, 4-6.

[26] *See, e.g.,* Tr. 19-20, 470-71.

[27] The Company executed the contract for the Wet-to-Dry Conversion in June 2015. *See, e.g.,* Ex. 26 (Mitchell Rebuttal) at 6. The Company obtained two bids for the Wet-to-Dry Conversion, one including and one excluding Units 3 and 4. *Id.* at 10. The Wet-to-Dry Conversion went into service in December 2017. *See, e.g.,* Ex. 4 (Mitchell Direct) at 7.

[28] Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units, 79 Fed. Reg. 34830 (proposed June 18, 2014). *See also* Ex. 8 (Glick) at 19 n.32; Ex. 15 (Norwood) at 8.

[29] 2015 IRP (*see* Ex. 15 (Norwood) at SN-2 p.2) (emphasis added).

[30] *Id.*

[31] *See, e.g.,* Ex. 15 (Norwood) at 10 and SN-4. Dominion's 2015 IRP also presented a least-cost plan that would not comply with CPP emissions standards, under which Units 3 and 4 would continue to operate. The Company acknowledges, however, that this least-cost plan was not presented as a resource planning alternative but, rather, was only included for reference purposes to compare against the CPP-compliant plans. *See, e.g.,* Ex. 15 (Norwood) at 10, SN-2 p.3, and SN-4.

[32] *See, e.g.,* Tr. 266-268, 304.

[33] Ex. 30 (Kelly Rebuttal) at 15-16. *See also* Ex. 29; Tr. 313-317. Dominion also notes that its 2015 IRP eventually proved incorrect (because CPP was not implemented as assumed therein), and that Units 3 and 4 were retired for other reasons. *See, e.g.,* Tr. 207-208, 482. As argued by the Company, however, the Commission must evaluate the circumstances as they existed at the time such decision was made in 2015, not in "hindsight." *See, e.g.,* Tr. 470.

[34] *See, e.g.,* Ex. 28 (Bennett Rebuttal) at 9-10.

[35] At the same time, Dominion also supported specific Virginia legislation in 2015 to address the Company's claimed expectations (which included early retirement of Units 3 and 4) for implementation of the CPP. *See, e.g.,* Tr. 173-177.

The Commission further finds that other evidence presented by Dominion in support of its decision does not alter our conclusion herein regarding Units 3 and 4. For example, Dominion relies upon a one-page May 2015 retirement summary, which lists a $50 million net present value benefit for Units 3 and 4.[36] This one-page summary, however, does not identify the detailed assumptions, analyses, modeling parameters, or sensitivity studies that may have been utilized to reach (and to establish the reasonableness of) the summarized results for Units 3 and 4.[37] In short, the Commission finds that the analyses presented by Dominion in support of its decision (and the Company's testimony thereon) are insufficient to establish that it was reasonable and prudent to incur the Wet-to-Dry Conversion cost for Units 3 and 4 based on the specific facts in this record attendant to those units at the time.

Finally in this regard, Dominion asserts that based on the history of electric utility regulation in the Commonwealth, it would represent "a very extraordinary finding" if the Commission concludes that a utility's capital investment was not reasonable and prudent.[38] The Company further states that such decisions by the Commission represent "a very situational inquiry" that must be made on a case-by-case basis.[39] We agree and that is what we have done herein.

In conclusion, the Wet-to-Dry Conversion for Units 3 and 4 is not being used to serve customers. Pursuant to Code § 56-585.1 D, the Commission finds that Dominion has not established that the "cost incurred" for this project was reasonable and prudent at the time such cost was incurred. The Company likewise has not established that such cost was "necessary" under Code § 56-585.1 A 5 e. Accordingly, the Wet-to-Dry Conversion for Units 3 and 4 shall not be reflected in the revenue requirement for Rider E.

Wet-to-Dry Conversion for Units 5 and 6; Landfill; Waste Water Treatment System

The Commission finds that the Wet-to-Dry Conversion for Units 5 and 6, the Landfill, and the Waste Water Treatment System shall be reflected in the revenue requirement for Rider E.

In stark contrast to Units 3 and 4, Chesterfield Units 5 and 6 continue to serve native load customers. Although the nature of that service may continue to evolve over time, these units provide a reasonable benefit to customers by remaining available for service when needed.[40] Moreover, not only are these units in-service and reasonably available for the benefit of customers, those customers will continue to pay the historical capital costs therefor in base rates over the remaining useful lives thereof.[41] In light of the foregoing and based on the record in this proceeding, the Commission finds these units are reasonably utilizing the Wet-to-Dry Conversion, the Landfill, and the Waste Water Treatment System.[42] Indeed, no party in this case established a legal basis upon which the Commission would be required to reject specific Rider E environmental costs, sought to be recovered in the 2019 Rate Year, when such costs are "used and useful" in serving native load customers as found herein.[43]

Next, also unlike the Wet-to-Dry Conversion for Units 3 and 4, the Commission finds that Dominion reasonably and prudently incurred these specific environmental costs at the time such cost was incurred. In contrast to Units 3 and 4 at that time, Units 5 and 6:

(i) were newer, larger, and more efficient facilities;

(ii) were not expected to transition to intermediate or peaking status;

(iii) were not recommended for operation only in the "short term";

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[36] *See, e.g.,* Ex. 30 (Kelly Rebuttal) at 13; Tr. 483-84; Ex. 15ES (Norwood) at 12.

[37] *See, e.g.,* Ex. 15 (Norwood) at 12; Tr. 125-131. The Company also presented a March 2015 analysis examining whether to co-fire Units 3 through 6 on natural gas. *See, e.g.,* Ex. 30 (Kelly Rebuttal) at 9-11. This co-fire analysis is not a substitute for detailed retirement or cold storage analyses for Units 3 and 4 that are not in the record. *See, e.g.,* Ex. 10ES.

[38] Tr. 472.

[39] Tr. 474.

[40] *See, e.g.,* Ex. 15ES (Norwood) at 5 (listing 2018 capacity factors). Dominion also testified that, based on a 2019 analysis, Units 5 and 6 should continue to operate for another decade under various market scenarios. *See, e.g.,* Ex. 30 (Kelly Rebuttal) at 24-25.

[41] This is not the case with Units 3 and 4. Specifically, the Company took a write-off on its books for the unrecovered base rate portion of Units 3 and 4 when it decided to retire those units. Tr. 241-242. This means that the Company will recover the remaining net book value of Units 3 and 4 through base rates in its first upcoming triennial review in 2021. *Id*. *See also* Code §§ 56-585.1 A 3 and A 8.

[42] *See, e.g.,* Ex. 26 (Mitchell Rebuttal) at 8; Tr. 53, 479-480.

[43] *See also Virginia Elec. and Power Co. v. State Corp. Comm'n*, 219 Va. 894, 901 (1979) ("Moreover, in determining the rate base upon which the utility is entitled to a reasonable rate of return, the Commission must decide which facilities are used and useful in providing service to the public.") (citing *Commonwealth v. Virginia Elec. and Power Co.*, 211 Va. 758, 760 (1971)).

(iv) were not avoiding major capital investments; and

(v) were not slated for retirement by 2020 under CPP-compliant plans in the 2015 IRP.[44]

The Commission also finds that the Company has reasonably implemented a phased approach for the Landfill, which will control the spending therefor while continuing to meet environmental compliance deadlines.[45] In addition, the Waste Water Treatment System (which was required by the ELG Rule) will be further necessary throughout the life of the Landfill and during the decommissioning of retired plant at Chesterfield.[46]

In conclusion, the Commission finds that the cost of these environmental projects, which are being used to serve Units 5 and 6, are "necessary" under Code § 56-585.1 A 5 e. The Commission also finds that the "cost incurred" for these environmental projects was reasonable and prudent pursuant to Code § 56-585.1 D at the time such cost was incurred. Accordingly, the Wet-to-Dry Conversion for Units 5 and 6, the Landfill, and the Waste Water Treatment System shall be reflected in the revenue requirement for Rider E.[47]

Accordingly, IT IS ORDERED THAT:

(1) Dominion's Petition for approval of a rate adjustment clause, designated as Rider E, is granted in part and denied in part as set forth herein.

(2) The Company shall file, within thirty (30) days of the date of this Final Order, a revised Rider E and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) Pursuant to Code § 56-585.1 A 7, the Company may implement Rider E, as approved herein, for service rendered on and after 60 days from the date of this Final Order. Alternatively, as requested by the Company, the Company may implement Rider E, as approved herein, for service rendered on and after November 1, 2019.

(4) The Company shall file its next annual Rider E application on or after January 2, 2020.

(5) This case is dismissed.

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[44] *See, e.g.,* Ex. 28 (Bennett Rebuttal) at 2, 9; Ex. 30 (Kelly Rebuttal) at 17, 22, 24-25; Ex. 15ES (Norwood) at 5; Ex. 27; Ex. 36; Tr. 479. One of the CPP-compliant plans in the 2015 IRP reflected natural gas conversion for all four coal units at Chesterfield by 2020. *See, e.g.,* Ex. 15 (Norwood) at 10 and SN-4. Based on the specific facts in this record attendant to Units 5 and 6, the Commission also finds that it was reasonable and prudent not to decide at that time to retrofit these units for natural gas. This is further supported by the March 2015 co-fire analysis. *See, e.g.,* Ex. 30 (Kelly Rebuttal) at 9-11. Nor have we found that it was imprudent or unreasonable for the Company not to delay the planned environmental investment for Units 5 and 6. *See, e.g.,* Ex. 26 (Mitchell Rebuttal) at 9.

[45] *See, e.g.,* Ex. 26 (Mitchell Rebuttal) at 8.

[46] *See, e.g., id*. Further, the Commission does not find that the Landfill and Waste Water Treatment System are oversized such that a portion of the costs thereof should be denied in the current proceeding.

[47] The Commission also approves the Company's Factor 1 (Average and Excess) for purposes of allocating the revenue requirement of Rider E at this time. *See, e.g.,* Tr. 31-34. This finding, however, does not preclude the Commission from subsequently approving other allocation methodologies for environmental projects reflected in Rider E or in other retail rates. In addition, as agreed to by Dominion, the Company's next Rider E application shall also include analyses and options attendant to the potential recovery of these costs from retail choice customers. *See, e.g.,* Tr. 403.

CASE NO. PUR-2018-00195
AUGUST 26, 2019

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a rate adjustment clause, designated Rider E, for the recovery of costs incurred to comply with state and federal environmental regulations pursuant to § 56-585.1 A 5 e of the Code of Virginia

ORDER GRANTING RECONSIDERATION

On August 5, 2019, the State Corporation Commission ("Commission") issued a Final Order in this docket. On August 23, 2019, Virginia Electric and Power Company filed a Limited Petition for Reconsideration ("Petition for Reconsideration").

NOW THE COMMISSION, upon consideration hereof, grants reconsideration for the purpose of continuing jurisdiction over this matter and considering the Petition for Reconsideration. The Final Order is hereby suspended pending the Commission's reconsideration.

Accordingly, IT IS ORDERED THAT:

(1) Reconsideration is granted for the purpose of continuing jurisdiction over this matter and considering the Petition for Reconsideration.

(2) Pending the Commission's reconsideration, the Final Order is suspended.

(3) This matter is continued generally.

CASE NO. PUR-2018-00195
OCTOBER 17, 2019

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a rate adjustment clause, designated Rider E, for the recovery of costs incurred to comply with state and federal environmental regulations pursuant to § 56-585.1 A 5 e of the Code of Virginia

ORDER ON MOTION

On August 5, 2019, the State Corporation Commission ("Commission") issued a Final Order in this docket. On August 23, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed a Limited Petition for Reconsideration ("Petition for Reconsideration"). On August 26, 2019, the Commission issued an Order Granting Reconsideration that continued the Commission's jurisdiction over this matter for the purpose of considering the Petition for Reconsideration, and that suspended the Final Order pending the Commission's reconsideration thereof.

On October 9, 2019, Dominion filed a Motion for Interim Authority to Implement Approved Rider E ("Motion"). The Motion requests authority to implement the Rider E rate approved in the Final Order, effective on November 1, 2019, on an interim basis and subject to true-up in a future Rider E true-up proceeding, pending resolution of the Petition for Reconsideration. In support of its Motion, the Company states, among other things, that the Petition for Reconsideration seeks only limited reconsideration of the Commission's disallowance of costs attributable to environmental projects at Chesterfield Units 3 and 4 and that the Motion seeks authority to implement the rates as approved in the Final Order, exclusive of the costs attributable to Chesterfield Units 3 and 4.[1] The Company asserts that granting the Motion will not harm customers or prejudice any party and that permitting implementation on November 1, 2019, rather than a later date, will reduce accrued financing costs.[2] The Motion represents that the Staff of the Commission does not oppose the Motion and that the following parties take no position on the Motion: the Office of the Attorney General, Division of Consumer Counsel; the Virginia Committee for Fair Utility Rates; and the Sierra Club.[3]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Motion should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Company may implement Rider E, as approved in the August 5, 2019, Final Order, for service rendered on and after November 1, 2019, on an interim basis and subject to true-up in a future Rider E true-up proceeding, pending resolution of the Petition for Reconsideration exclusive of the costs attributable to Chesterfield Units 3 and 4.

(2) The Final Order remains suspended.

(3) This case is continued.

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[1] Motion at 2-3.

[2] *Id.* at 3.

[3] *Id.*

CASE NO. PUR-2018-00195
NOVEMBER 14, 2019

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a rate adjustment clause, designated Rider E, for the recovery of costs incurred to comply with state and federal environmental regulations pursuant to § 56-585.1 A 5 e of the Code of Virginia

ORDER ON RECONSIDERATION

On August 5, 2019, the State Corporation Commission ("Commission") issued a Final Order in this docket. On August 23, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed a Limited Petition for Reconsideration ("Petition for Reconsideration"). On August 26, 2019, the Commission issued an Order Granting Reconsideration that continued the Commission's jurisdiction over this matter for the purpose of considering the Petition for Reconsideration, and that suspended the Final Order pending the Commission's reconsideration thereof.

On September 3, 2019, the Commission issued an Order for Additional Pleadings, which scheduled additional pleadings attendant to the Petition for Reconsideration. On September 17, 2019, Sierra Club and the Virginia Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel") each filed a Response to the Petition for Reconsideration. On September 24, 2019, the Company filed a Reply.

On October 9, 2019, Dominion filed an unopposed Motion for Interim Authority to Implement Approved Rider E ("Motion"). The Motion requested authority to implement Rider E (effective November 1, 2019) – limited to the amount approved in the Final Order – on an interim basis and subject to true-up pending resolution of the Petition for Reconsideration. The Commission granted the Motion by order dated October 17, 2019.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Petition for Reconsideration

The Petition for Reconsideration requests that the Commission reconsider the following two findings contained in the Final Order:

(1) Under Code § 56-585.1 D, "Dominion has failed to establish in the instant proceeding that it was reasonable and prudent to incur [the Wet-to-Dry Conversion] cost for [Chesterfield Power Station's ('Chesterfield')] Units 3 and 4 based on the circumstances existing at such time"; and

(2) The Company "has not established that such cost was 'necessary' under Code § 56-585.1 A 5 e."[1]

These requests are addressed below *seriatim*. The Commission will also address the Company's arguments related to the public interest further below.

Code § 56-585.1 D

Code § 56-585.1 D provides in part:

> The Commission may determine, during any proceeding authorized or required by this section, the reasonableness or prudence of any cost incurred or projected to be incurred, by a utility in connection with the subject of the proceeding. A determination of the Commission regarding the reasonableness or prudence of any such cost shall be consistent with the Commission's authority to determine the reasonableness or prudence of costs in proceedings pursuant to the provisions of Chapter 10 (§ 56-232 *et seq*.).

The Petition for Reconsideration does not assert that there are additional facts, outside the instant record, that the Commission should evaluate in reconsidering its findings under Code § 56-585.1 D. Rather, the Petition for Reconsideration repeatedly protests that the Final Order does not expressly discuss specific evidence put forth by the Company:

- "[T]he Final Order … does not discuss the Company's evidence with respect to…."[2]
- "In fact, the Final Order does not provide even a single citation to [Dominion witness] Messinger's rebuttal."[3]
- "[T]he Commission's analysis of the Company's rebuttal evidence in that regard is truncated and strained."[4]
- "[T]he Commission failed to even mention…."[5]
- "The Commission also neglected to discuss…."[6]
- "The Commission's discussion of the 2015 [Integrated Resource Plan ("IRP")] completely ignores…."[7]
- "Nor did the Final Order retrospectively acknowledge…."[8]
- "[O]nly the May 2015 Analysis, which the Commission minimizes by referring to it as a retirement 'summary,' is discussed in any meaningful way in the Commission's Final Order."[9]

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[1] Petition for Reconsideration at 1 (citing the Final Order at 6 and 9, respectively).

[2] *Id*. at 14.

[3] *Id*.

[4] *Id*. at 17.

[5] *Id*.

[6] *Id*. at 18.

[7] *Id*. at 19.

[8] *Id*. at 13.

[9] *Id*. at 17.

- "[The Commission] concludes, without any discussion whatsoever…."[10]
- "The Commission devotes a total of four sentences…."[11]
- "[The Commission] completely omit[s] any mention of [Dominion witness] Kelly's extensive discussion of that topic in his rebuttal testimony."[12]

Dominion thus concludes that the Commission erred by not fully considering – and by ruling contrary to – the Company's "great weight of evidence."[13]

The Company's conclusion is incorrect as both a legal and a factual matter. The Final Order expressly states that "[t]he Commission has fully considered the evidence and arguments in the record *supporting* and *opposing* Dominion's requests."[14] That evidence was submitted not only by Dominion, but also by Sierra Club, Consumer Counsel and the Commission's Staff. The Commission included ample analyses and citations to the record supporting its findings and determinations with respect to Chesterfield Units 3 through 6 in the Final Order. Dominion cites to no legal standard that requires the Commission to discuss each piece of evidence in the record to confirm that such was considered. Indeed, the Supreme Court of Virginia has held just the opposite: "We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence of record."[15]

Dominion's claim that the Commission singled-out and disregarded the Company's evidence – due to a lack of citations or discussion – is further contradicted when the Final Order is viewed as a whole. For example, in addition to Units 3 and 4, Sierra Club also requested rejection of the Wet-to-Dry Conversion cost for Units 5 and 6. In denying this latter request, the Commission fully considered the evidence put forth by Sierra Club (as expressly stated in the Final Order), even though the Final Order's discussion thereof does not, and is not required to, "provide even a single citation to"[16] Sierra Club's witnesses.

The Petition for Reconsideration also incorrectly states that the Commission denied recovery for Units 3 and 4 because they are not currently in service and, thus, judged Dominion's decision "in hindsight" and not based on the circumstances at the time the decision was made by the Company.[17] That is explicitly contrary to what the Final Order concluded.[18] The Final Order expressly concludes – twice – that Dominion failed to establish it was reasonable and prudent to incur these costs for Units 3 and 4 "based on the circumstances existing *at such time*" and "based on the specific facts in this record *attendant to those units at the time*."[19]

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[10] *Id*.

[11] *Id*. at 18.

[12] *Id*.

[13] *Id*. at 2.

[14] Final Order at 5 (emphases added).

[15] *Board of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 454 n.10 (2016) (citation omitted).

[16] Petition for Reconsideration at 14.

[17] *Id*. at 15.

[18] *See, e.g., Board of Supervisors of Loudoun County*, 292 Va. at 455-459 ("The Commission made no such determination. … A more thorough review of the [Commission's] Order … shows that this is an incorrect assessment of the Commission's actual analysis and related findings….").

[19] Final Order at 6, 9 (emphasis added). That is, notwithstanding the fact that Units 3 and 4 have been retired before the end of their useful service lives and are not providing any benefits to customers to offset the environmental costs the Company seeks to recover herein, the Commission expressly considered whether it was reasonable and prudent to incur the costs based on the circumstances at the time Dominion made the investment decision.

The Commission reasonably fulfilled its obligation to decide how much "weight to afford" competing evidence presented by the parties regarding the reasonableness and prudency of costs sought to be recovered from customers in this proceeding.[20] For example, the Commission found evidence supporting the conclusion that a reasonable and prudent utility would not have incurred, *at that time*, the investment attendant to Units 3 and 4 to have significant evidentiary weight. This evidence included among other things: (i) Dominion's 2015 IRP, which supported retirement of these units by 2020;[21] (ii) the age, size, and relative efficiency of these units at that time; (iii) the Company's own analysis at the time, which concluded that Units 3 and 4 should only continue operation in the "short term"; and (iv) the Company's decision, also at that time, to avoid other major capital investments in these units due to such analysis.[22]

Moreover, consistent with expert testimony in the record, the Commission did not find that specific study results – for which the Company was unable to provide detailed assumptions, analyses, modeling parameters, or sensitivity studies related thereto – were sufficient to alter our conclusion regarding Units 3 and 4.[23] In addition, as to Units 5 and 6, the Commission found that the factual differences between those units and Units 3 and 4, taken as a whole, had significant evidentiary weight supporting a finding that it was reasonable and prudent at the time to incur the specific environmental costs for Units 5 and 6.[24] Thus, the Commission's findings on Units 3 through 6 were either supported or opposed by one or more of the parties' expert witnesses; this does not mean, however, that such findings were contrary to, or unsupported by, the evidence.[25]

In sum, no party disagreed that Code § 56-585.1 D applies to the instant proceeding and that the Company has the burden to demonstrate the reasonableness and prudence of the costs it seeks to recover from customers herein.[26] As stated in the Final Order, the Commission fully considered all evidence presented in this case, applied the law to the facts and circumstances presented herein, and found that Dominion did not meet its burden regarding specific costs related to Units 3 and 4. The Company's request that the Commission reconsider the evidence – and reach a different result – is denied.[27]

Code § 56-585.1 A 5 e

Code § 56-585.1 A 5 e provides 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: …

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[20] *See, e.g., id*. at 5-6 ("To the extent there is conflicting evidence or differing opinions from expert witnesses, the Commission has interpreted such and decided how much 'weight to afford it.'") (citing *City of Alexandria v. State Corp. Comm'n*, 296 Va. 79, 102 (2018) ("The Commission is entitled to interpret the conflicting evidence and to decide the weight to afford it.") (citing *Board of Supervisors of Loudoun County*, 292 Va. at 458) (internal quotation marks omitted)).

[21] Dominion notes that in the 2015 IRP case, the Commission expressly recognized the "significant uncertainty" regarding the need for environmental compliance costs at that time. Petition for Reconsideration at 12. Contrary to the Company's allegation, this recognition does not conflict with the Final Order but, rather, further highlights the need for detailed analyses – which are not in this record – supporting Dominion's decision at that time to incur these environmental compliance costs for Units 3 and 4. In addition, also contrary to the Company's characterization, the Final Order does not conflict with the Commission's decision regarding Dominion's 2018 IRP. Petition for Reconsideration at 23. The Final Order notes Dominion took action that directly contradicted its 2015 IRP and its own internal analyses regarding Units 3 and 4 (Final Order at 7-8); the Commission's 2018 IRP decision similarly notes Dominion took action – in that instance, closing plants – that also contradicted its prior IRPs. *See Commonwealth of Virginia, ex rel. State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUR-2018-00065, Doc. Con. Cen. No. 190640049, Final Order at 9 (June 27, 2019). Moreover, the Commission's 2018 IRP decision further recognizes that while closing such plants may benefit customers in the long run, such action still has "negative impacts on the communities in which these plants are located." *Id*.

[22] *See, e.g.,* Final Order at 5-11. Dominion also incorrectly claims the Commission "determin[ed] that the Company should have retired Units 3 and 4 in 2015." Petition for Reconsideration at 23. Nowhere in the Final Order did the Commission make such determination. Rather, the Commission found that the Company did not meet its burden to establish it was reasonable and prudent to decide, in 2015, to incur additional capital costs for Units 3 and 4 as opposed to retiring such units prior to environmental compliance deadlines.

[23] *See, e.g.,* Final Order at 8-9. Indeed, the Company acknowledged that, in other instances, it maintains "quite a bit of data" supporting retirement or cold storage decisions for specific generation facilities. Tr. 346-347.

[24] In rejecting Sierra Club's request for the Commission to find the costs incurred for Units 5 and 6 imprudent, the Final Order expressly discusses how Units 3 and 4 were different from Units 5 and 6. Final Order at 9-11. The Commission also noted that the Company's March 2015 *co-fire* analysis (to retrofit for natural gas) is not factually the same as detailed *retirement* analyses (which Dominion did not provide). Final Order at 8 n.37. The Commission further stated that the co-fire analysis supports not retrofitting Units 5 and 6 for natural gas. *Id*. at 11 n.44. Contrary to claims by Dominion and Sierra Club, there is nothing inconsistent in highlighting the different purposes of a *co-fire* versus a *retirement* analysis. *See* Petition for Reconsideration at 18; Sierra Club's Response at 10.

[25] *See, e.g., City of Alexandria*, 296 Va. at 102-103 ("But this evidence does little more than show that the parties' experts disagreed, which does not render the Commission's findings contrary to the evidence," and "the Commission was entitled to afford more weight to [certain] testimony….") (citation omitted).

[26] *See, e.g.,* Consumer Counsel's Response at 3-4; Sierra Club's Response at 6; Dominion's Reply at 7-9; Tr. 426, 452.

[27] In addition, the Commission denies Sierra Club's request to reconsider findings regarding Units 5 and 6. Sierra Club's Response at 9-12. Sierra Club has not established "good cause" for failing to file a timely petition for reconsideration under 5 VAC 5-20-220 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*.

> e. Projected and actual costs of projects that the Commission finds to be necessary to comply with state or federal environmental laws or regulations applicable to generation facilities used to serve the utility's native load obligations. The Commission shall approve such a petition if it finds that such costs are necessary to comply with such environmental laws or regulations; ….

The Petition for Reconsideration asserts that the Commission erred by not "conducting a proper evaluation" – under Code § 56-585.1 A 5 e – of whether the Wet-to-Dry Conversion at Units 3 and 4 "was necessary in order to comply with the CCR Rule and ELG Rule, assuming Units 3 and 4 remained operational."[28] Having rejected Dominion's request to reverse our findings under Code § 56-585.1 D, this second request on reconsideration is rendered moot.

Specifically, the Company does not assert that solely granting this second request on reconsideration would change the ultimate outcome of the Final Order and result in Commission approval to recover the environmental compliance costs for Units 3 and 4 from customers. Even if the Commission grants this request under Code § 56-585.1 A 5 e, the findings related to reasonableness and prudency under Code § 56-585.1 D remain and would not result in approval of cost recovery. In such instance, rendering reconsideration under Code § 56-585.1 A 5 e as requested by Dominion would be "akin to rendering an advisory opinion."[29] Indeed, the Commission has previously declined to render – on reconsideration – a similar advisory opinion after finding that specific costs sought for recovery in a Code § 56-585.1 A rate adjustment clause ("RAC") proceeding were not reasonable and prudent under Code § 56-585.1 D.[30]

The Commission also disagrees with the Company's legal conclusion that the Final Order renders Code § 56-585.1 A 5 e "meaningless."[31] The Commission has not, as alleged by Dominion, concluded that Code § 56-585.1 D "exclusively … govern[s] recovery of environmental project costs."[32] The unambiguous plain language of *both* Code § 56-585.1 A 5 e and Code § 56-585.1 D applies to this proceeding. Thus, the analysis does not end with a finding that the projects are necessary to comply with environmental regulations.[33] As explained by Consumer Counsel, the Company must also establish that it was reasonable and prudent to decide – at the time of the decision – to incur such costs, as opposed to avoiding the capital expense by retiring the units prior to the environmental compliance deadlines.[34] Notably, if solely granting Dominion's reconsideration request under Code § 56-585.1 A 5 e were to reverse the final outcome of this proceeding, then it is Code § 56-585.1 D that would be rendered meaningless.[35] Thus, Dominion's argument requires there to be a conflict between Code §§ 56-585.1 A 5 e and 56-585.1 D, such that both cannot operate at the same time without the other being rendered meaningless; the Commission disagrees and finds both statutory provisions capable of operating under the plain language thereof, as described above.

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[28] Petition for Reconsideration at 15. The "CCR Rule" is the United States Environmental Protection Agency's ("EPA") "Hazardous and Solid Waste Management System; Disposal of Coal Combustion Residuals From Electric Utilities; Final Rule." The "ELG Rule" is the EPA's "Steam Electric Power Generating Effluent Guidelines." *See* Final Order at 1-2.

[29] *Callison v. Glick*, 297 Va. 275, 294 (2019) ("Clarifying a final order in the manner requested … would be akin to rendering an advisory opinion or answering a speculative question. The circuit court did not err in denying the request to clarify its orders as requested…."). In addition, the Company did not assert that an advisory reconsideration under Code § 56-585.1 A 5 e is necessary for purposes of appellate review.

[30] *Application of Appalachian Power Company, For a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2007-00068, 2008 S.C.C. Ann. Rept. 411, 413, Order on Reconsideration (May 29, 2008) (ruling that a determination of need was moot where the costs at issue were not found prudent, explaining that the "Application failed the 'reasonable and prudent' test under Va. Code § 56-585.1 D [and] by necessity rendered moot a finding of need…."). *See also Application of Appalachian Power Company, For a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2017-00031, 2018 S.C.C. Ann. Rept. 204, 206, Final Order, (Apr. 2, 2018) ("Having found that it is neither reasonable nor prudent under Virginia law for APCo to [incur certain costs] based on the record before us, we need not make findings related to other statutory requirements attendant to this [a]pplication…."); Consumer Counsel's Response at 11.

[31] Dominion's Reply at 5.

[32] *Id*.

[33] As noted by Dominion during the hearing, no participant in this case argued that the environmental projects herein were *not* required by state or federal regulation in the event the Commission found that it was reasonable and prudent to decide – at the time the decision was made – not to retrofit for natural gas or to retire specific units prior to environmental compliance deadlines. Tr. 469 ("And in this case, there's no dispute that the costs associated with the Rider E request were necessary to comply with the impending CCR and ELG rules.").

[34] Consumer Counsel's Response at 5. Consumer Counsel again states it "believes that it did not make economic sense to retrofit Units 3 and 4 [for environmental compliance] at the time Dominion made the decision to proceed with these investments (mid-2015)." *Id*. at 8 n.33 (citing Consumer Counsel's expert witness's testimony).

[35] Sierra Club similarly notes that if solely granting this request changed the outcome, then "[i]n the Company's telling, there is no longer room to inquire *whether* a utility was prudent in deciding to retrofit a unit – only whether the utility retrofitted the unit to comply with state or federal environmental laws." Sierra Club's Response at 4 (emphasis in original). In reply, Dominion declared that such "is not the Company's interpretation," and that is why Dominion "spent much of its case" trying to prove the value of retrofitting these units for environmental compliance. Dominion's Reply at 8. This reply, however, appears to contradict the Company's "meaningless" argument and further confirms the advisory nature of this specific reconsideration request.

Next, in further support of its argument that denying costs under Code § 56-585.1 D renders Code § 56-585.1 A 5 e "meaningless," the Company alleges that "[a]ttempts to rely on [Code § 56-585.1 D] to nullify other statutory provisions are not new, and the Virginia General Assembly has rebuffed such efforts in previous cases by amending the statute."[36] The Company's arguments in this regard, however, necessarily contradict its own legal conclusion. First, Dominion does not, and cannot, cite to any case where the Commission's application of Code § 56-585.1 D has been reversed as a matter of law.[37]

Second in this regard, the Company highlights that in 2017, the Commission similarly denied Code § 56-585.1 A RAC cost recovery (in that instance, the costs were for "underground facilities"), finding that such were not reasonable and prudent under Code § 56-585.1 D.[38] After which, the General Assembly amended the Code to state that "the costs associated with such new *underground facilities* are deemed to be *reasonably and prudently incurred* and, *notwithstanding the provisions of subsection* [§ 56-585.1] C or *D*, shall be approved for recovery by the Commission pursuant to this subdivision…."[39] Thus, the General Assembly did not repeal Code § 56-585.1 D but, rather, expressly removed the Commission's discretion thereunder for the limited purpose of "underground facilities."

Contrary to the legal conclusion advanced by Dominion, this illustration confirms that: (i) the Commission's discretionary authority under Code § 56-585.1 D continues to apply to Code § 56-585.1 A RACs unless expressly deemed otherwise; and (ii) the General Assembly unequivocally knows how to deem otherwise.[40] Consumer Counsel and Sierra Club note that this is also demonstrated by the fact that the General Assembly has expressly "deemed reasonable and prudent" certain "transmission" costs for purposes of a Code § 56-585.1 A RAC proceeding.[41] These statutory examples further support the legal conclusion expressed by Consumer Counsel and Sierra Club:

- "If the General Assembly had intended [Code § 56-585.1 A 5 e] to override [Code § 56-585.1 D] as the Company argues, the General Assembly would have said so."[42]

- "If the General Assembly intended for the actual and projected costs under a [Code § 56-585.1 A 5 e] petition to be automatically 'deemed reasonable and prudent,' it would have explicitly said so. Instead, the General Assembly left that decision to the Commission."[43]

In other words, the "General Assembly made clear in these limited instances [regarding underground facilities and transmission] that it was abrogating the Commission's authority under [Code § 56-585.1 D] to determine the reasonableness or prudence of any cost incurred by a utility in connection with a [Code] § 56-585.1 RAC. There is no such comparable language applicable to [environmental compliance costs recovered through Code] § 56-585.1 A 5 e."[44]

Finally, in arguing for full cost recovery under Code § 56-585.1 A 5 e, the Petition for Reconsideration also asserts as follows:

> Given the clear, prescriptive directive in [Code § 56-585.1 A 5 e] that costs *shall* be approved if necessary to comply with governing environmental regulations, one could conclude that the determination by the utility of *whether* to incur the costs is not subject to the same scrutiny under § 56-585.1 D as the reasonableness of the costs themselves (*e.g.*, was the project properly bid, sized, and were the costs otherwise exorbitant or wasteful, *etc.).* In fact, this is not a strained interpretation of legislative purpose to allow incremental cost recovery for expenses necessary to keep generation units running in compliance with changing environmental regulations.[45]

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[36] Dominion's Reply at 5.

[37] Dominion cites a decision from the Supreme Court of Virginia recognizing that under Code § 56-585.1 A 5 e the Commission "shall" approve a request if, among other things, "the Commission finds that the costs were necessary to comply with state or federal environmental laws or regulations." Petition for Reconsideration at 14 (quoting *Appalachian Power Co. v. State Corp. Comm'n*, 284 Va. 695, 706 (2012)). The cited case, however, had nothing to do with the Commission's exercise of discretion under Code § 56-585.1 D. As explained by Consumer Counsel: "The Company's reliance on that case is misplaced. No party in that proceeding questioned the prudence of the environmental compliance costs at issue. Instead, the question before the Court was what ratemaking methodology was appropriate for recovery of the costs at issue. Nothing in the Court's opinion spoke to the applicability of [Code § 56-585.1 D] to a [Code § 56-585.1 A 5 e RAC]." Consumer Counsel's Response at 5-6.

[38] *See* Dominion's Reply at 6 (citing *Application of Virginia Electric and Power Company, For revision of a rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing September 1, 2017*, 2017 S.C.C. Ann. Rept. 406, Case No. PUE-2016-00136, Final Order (Sep. 1, 2017)).

[39] Code § 56-585.1 A 6 (emphases added). *See also* Petition for Reconsideration at 6.

[40] The General Assembly is also capable of resolving statutory conflicts involving Code § 56-585.1 D. For example, amendments to Code § 56-585.1 D by the 2014 General Assembly resolved a conflict between Code §§ 56-585.1 A 10 and 56-585.1 D that was identified by the Commission in the Company's 2013 biennial review regarding the Commission's discretion to address the reasonableness of the Company's capital structure. Dominion's Reply at 6; 2014 Va. Acts of Assembly, Ch. 548; *Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, 380-81, Final Order (Nov. 26, 2013). Such resolution is not necessary here, as there is no statutory conflict between Code §§ 56-585.1 A 5 e and 56-585.1 D, as previously discussed.

[41] Code § 56-585.1 A 4. *See* Consumer Counsel's Response at 6; Sierra Club's Response at 5 n.20.

[42] Consumer Counsel's Response at 6-7.

[43] Sierra Club's Response at 5.

[44] Consumer Counsel's Response at 6.

[45] Petition for Reconsideration at 16 (emphases in original). *See also* Dominion's Reply at 4.

The Commission finds that the argument above is not timely raised for purposes of reconsideration. Effectively, Dominion now seeks, for the first time, to argue for a different – and *lower* – level of scrutiny under Code § 56-585.1 D.

The Company did not raise the issue alleged above at any point during the proceeding.[46] Although posed as a "legal question,"[47] the Company's argument – raised now for the first time after the close of the record – implicates questions of both law and *fact*. That is, the participants in this proceeding did not have an opportunity to present evidence on, cross-examine witnesses regarding, or otherwise specifically explore a *lower-scrutiny* prudence standard as part of the instant record (including but not limited to how such could be implemented in practice and evaluated by the expert witnesses herein).[48] Furthermore, the Company's lower-scrutiny prudence standard is not found within the plain language of Code § 56-585.1 D; rather, Dominion's new legal argument would create an unwritten codicil thereto. This additional theory, however, would again require the Commission to find a statutory conflict or hierarchy that simply does not exist – either explicitly or by necessary implication – in the Code. Satisfying Code § 56-585.1 A 5 e does not change the text of Code §56-585.1 D, and the plain language of both provisions can be implemented as written.

In sum, having found the Company did not meet its burden to prove the costs related to Units 3 and 4 were reasonable and prudent, Dominion has not established that such costs were necessary, and further evaluation under Code § 56-585.1 a 5 e is moot. The requested reconsideration under Code § 56-585.1 A 5 e is denied.

Public Interest

In this proceeding, Dominion requested recovery of $302.5 million in environmental compliance costs.[49] Both Consumer Counsel and Sierra Club asserted that – with regard to $246.9 million of those costs – Dominion had *not* met its burden to establish that such were reasonably and prudently incurred.[50] In the Final Order, the Commission approved recovery of all but $18.4 million, which had been spent for Chesterfield Units 3 and 4.[51]

The Petition for Reconsideration claims that the Commission must reverse its limited finding regarding Units 3 and 4 on the basis of "public interest" and "public policy."[52] In support thereof Dominion alleges, among other things, the following:

- The Final Order "is at odds with longstanding Commission precedent."[53]
- The Commission's rejection of $18.4 million is "an unprecedented cost disallowance."[54]
- This is a "first-of-its-kind decision denying the Company cost recovery…."[55]
- The Final Order "may create tension around this decision-making process, for both [Dominion] and similarly situated utilities, including in circumstances when the decision may be a relatively 'close call.'"[56]
- "[T]he Company must be able to make reasonable operational decisions … in good faith and based on considerable expertise … without concern that its actions will be discounted down the road based on subsequent, unforeseen events."[57]
- The Final Order creates "an uncertain regulatory environment."[58]

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[46] In addition, although Dominion raises this issue twice on reconsideration, at neither time does the Company cite to any part of the record where this question was ostensibly raised during the proceedings. *See* Petition for Reconsideration at 16; Dominion's Reply at 4.

[47] Petition for Reconsideration at 16.

[48] Accordingly, this issue is not appropriate for purposes of the Petition for Reconsideration. Moreover, the Commission continues to find that the Company has not met its burden to prove – under any reasonable level of scrutiny – that it was prudent to decide (at the time of the decision) to incur the $18.4 million of environmental costs for Units 3 and 4.

[49] *See, e.g.,* Final Order at 4-5.

[50] *See, e.g., id.* at 5.

[51] *See id.* at 6-9. Contrary to Dominion's assertion, the Final Order does not describe this result as "a very extraordinary finding" but, rather, simply agrees with the Company's characterization that such decisions "represent a very situational inquiry that must be made on a case-by-case basis." Final Order at 9 (internal quotation marks omitted).

[52] *See, e.g.,* Petition for Reconsideration at 20-23; Dominion's Reply at 10-13.

[53] Petition for Reconsideration at 20.

[54] *Id*. at 22.

[55] *Id*.

[56] *Id*.

[57] *Id*.

[58] *Id*. at 23.

- The Commission's finding in this matter "is contrary to the principle of reasonable discretion being afforded utility decision-making."[59]
- The Commission's finding in this matter is "drastic."[60]
- "[T]he utility does not have to be 'right' to be reasonable."[61]
- The Commission improperly "second-guessed and overruled" the Company's "best professional judgment."[62]
- The Commission improperly acted to "'assume the duties or usurp the powers of management.'"[63]

These are not trivial declarations. The Commission disagrees with the Company's portrayal of the Final Order as a seismic event in how this Commission exercises its constitutional and statutory discretion. We also note that contrary to the Company's view, Consumer Counsel observes the above assertions as "curious" because the "Final Order is not unusual."[64] Indeed, in the Final Order, the Commission simply carries out its duties under Code § 56-585.1 D, as it has on many prior occasions, and denies $18.4 million of Dominion's $302.5 million request.

The Final Order in no manner stands for the proposition that a utility has "to be 'right' to be reasonable."[65] The Company may seek recovery of environmental compliance costs *before* or *after* they are incurred.[66] Under either scenario, the Commission evaluates reasonableness as we have done here, *i.e.*, based on the evidence and circumstances at the time the Company made its decision. Again, as explained above, the Commission's findings in this proceeding are explicitly *not* "based on subsequent, unforeseen events."[67]

Finally, contrary to the Company's claim, the Commission has not assumed the duties or usurped the powers of management. That is, the Supreme Court of Virginia has affirmed that (in a proceeding such as this), "[w]hile the Commission may not assume the duties or usurp the powers of utility management," the Commission undeniably possesses the "reasonable discretion to disallow any part of expenses actually incurred" if, as is the case here, there is sufficient evidence to support such finding.[68] Dominion observed that although "[i]t's hard sitting here in 2019" to assess a decision made in 2015, "that is the *Commission's obligation* here."[69] The Commission did not fulfill that obligation arbitrarily, capriciously, or absent restraint but, rather, after it "procured and fully considered all of the evidence presented on this issue."[70] Indeed, as noted by Consumer Counsel, the Commission fulfilled that obligation in a manner consistent with the description provided by the Federal Power Commission over 50 years ago:

> Regulation must act with restraint in seeking to substitute the regulator's views for that of management on matters of operational policy. But regulation is reduced to an exercise in futility if it is barred or bars itself from a review of management claims for the recovery of costs running into millions of dollars solely because "management has exercised its judgment."[71]

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[59] Dominion's Reply at 13.

[60] Petition for Reconsideration at 24.

[61] *Id*.

[62] *Id*. at 13.

[63] *Id*. at 22 (quoting *Norfolk v. Chesapeake & Potomac Tel Co.,* 192 Va. 292, 311 (1951)).

[64] Consumer Counsel's Response at 9. Consumer Counsel cites numerous cases where the Commission has rejected costs requested or incurred by electric utilities. *Id*. at 9-11. Although Dominion asserts that the Final Order negatively impacts "similarly situated utilities," the Company objects to Consumer Counsel's examples because, among other things, "five of [them] involved [an electric] utility other than Dominion." Dominion's Reply at 9. In addition to the examples provided by Consumer Counsel, the Commission also exercises its reasonable discretion in rate cases to permit or deny cost recovery for natural gas, water and sewer, and (prior to telecommunications deregulation) telephone companies.

[65] Petition for Reconsideration at 24.

[66] Under Code § 56-585.1 A 5 e, the Company may "petition the Commission for approval of one or more rate adjustment clauses for the timely and current recovery" of both "*[p]rojected* and *actual* costs of projects that the Commission finds to be necessary to comply with state or federal environmental laws or regulations…." (emphasis added).

[67] Petition for Reconsideration at 22. In further contradiction of the Company's claim in this regard, the Final Order expressly states that "[a]s argued by the Company, however, the Commission must evaluate the circumstances as they existed at the time such decision was made in 2015, *not* in 'hindsight.'" Final Order at 8 n.33 (emphasis added).

[68] *Lake of the Woods Util. Co. v. State Corp. Comm'n*, 223 Va. 100, 110 (1982) (citing *Norfolk,* 192 Va. at 311-312). *See also City of Alexandria*, 296 Va. at 102 ("the question is whether there is sufficient evidence in the record to support the Commission's finding…") (citing *BASF Corp. v. State Corp. Comm'n*, 289 Va. 375, 398 (2015) ("observing that the Commission's findings are only reversed if they are 'contrary to the evidence or without evidentiary support'")).

[69] Tr. 471 (emphasis added).

[70] *Board of Supervisors of Loudoun County*, 292 Va. at 454 (internal quotation marks omitted).

[71] Consumer Counsel's Response at 13 (quoting *Midwestern Gas Transmission Co.,* 36 FPC 61, 70-71 (1966), *reh. denied,* 36 FPC 599, *affd, Midwestern Gas Transmission Co.* v. *F.P.C.,* 388 F.2d 444 (7th Cir. 1968), *cert, denied,* 392 U.S. 928 (1968) (citing in part *Acker* v. *United States,* 298 U.S. 426 (1935)).

Accordingly, IT IS ORDERED THAT:

(1) The Petition for Reconsideration is denied.

(2) Rider E, which has been in effect on an interim basis since November 1, 2019, shall be made permanent and is approved as set forth in the August 5, 2019 Final Order, effective as of the date of this Order on Reconsideration.

(3) The Final Order is no longer suspended.

(4) This case is dismissed.

CASE NO. PUR-2018-00196
MARCH 12, 2019

APPLICATION OF
BIRCH COMMUNICATIONS OF VIRGINIA, INC.

For amended and reissued certificates of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATES

On December 12, 2018, Birch Communications of Virginia, Inc. ("Birch" or "Company"), filed an application with the State Corporation Commission ("Commission") requesting that the certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia issued to Birch[1] be amended to reflect a company name change ("Application"). The Company submitted proof of its name change to Lingo Communications of Virginia, Inc.

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificates in the name of Birch should be cancelled and reissued in the name of Lingo Communications of Virginia, Inc.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUR-2018-00196.

(2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-703, heretofore issued to Birch hereby is cancelled and shall be reissued as Certificate No. T-703a in the name of Lingo Communications of Virginia, Inc.

(3) The certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia, Certificate No. TT-257A, heretofore issued to Birch, hereby is cancelled and shall be reissued as Certificate No. TT-257B in the name of Lingo Communications of Virginia, Inc.

(4) Any tariffs on file with the Commission's Division of Public Utility Regulation or product guide available online in the name of Birch Communications of Virginia, Inc., shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.

(5) This case is dismissed.

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[1] *See Application of Birch Communications of Virginia, Inc., For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services,* Case No. PUC-2010-00060, 2010 S.C.C. Ann. Rept. 271, Final Order (Dec. 21, 2010).

CASE NO. PUR-2018-00197
MAY 9, 2019

APPLICATION OF
APPALACHIAN POWER COMPANY, *et al.*

For approvals pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On September 17, 2013, Appalachian Power Company ("APCo" or "Company") and eight of its affiliates filed for approval of ten assignments, amendments and agreements (collectively, "Transactions") from the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")[1] in Case No. PUE-2013-00103. On December 16, 2013, the Commission issued an Order Granting Approval in that proceeding, which approved the Company's application subject to certain requirements, including a five-year limitation on the approval of most Transactions.[2]

On December 13, 2018, APCo filed a motion for interim authority to continue to engage in the Transactions pursuant to the terms approved by the Commission in its 2013 Order, pending the filing of a full application under the Affiliates Act and until such time as the Commission has an opportunity to act upon the application ("Motion for Interim Authority"). On December 14, 2018, the Commission issued an Order Granting Interim Authority, which granted APCo's Motion for Interim Authority and directed the Company to file an application for approval of all necessary authority related to the Transactions on or before February 4, 2019. On January 31, 2019, APCo filed a motion to extend the February 4, 2019 filing deadline by one week ("Motion to Extend Filing Deadline"), and on February 1, 2019, the Commission issued an Order, which granted APCo's Motion to Extend Filing Deadline and directed the Company to file an application for approval of all necessary authority related to the Transactions on or before February 11, 2019. Accordingly, on February 11, 2019, APCo filed the instant Application with the Commission.

On February 13, 2019, APCo and twelve (12) of its affiliates ("Affiliates")[3] (collectively, "Applicants") completed the filing of their February 11, 2019 Application ("Application") with the Commission, pursuant to the Affiliates Act, requesting approval of sixteen agreements ("Agreements") and amendments ("Amendments") (collectively, "Amended Agreements")[4] between the Company and one or more of its Affiliates. Specifically, the Company requests approval of the following Amended Agreements, which are separated into three categories. First, APCo will provide services to Affiliates under (1) the Sporn Plant Operating Agreement ("Sporn Agreement");[5] and (2) the Central Machine Shop Agreement and Assignment. Second, APCo will receive services from Affiliates under (3) the Amended and Restated Urea Handling Agreement ("Urea Agreement"), and (4) Amendment No. 1 to the Urea Agreement; (5) the Amended and Restated Cook Coal Terminal Transfer Agreement ("Coal Transfer Agreement"), and (6) Amendment No. 1 to the Coal Transfer Agreement; (7) the Rail Car Maintenance Agreement ("Maintenance Agreement"), and (8) Amendment No. 1 to the Maintenance Agreement; and (9) the Barge Transportation Agreement ("Barge Agreement"), as amended by Amendment No. 1 to Barge Agreement, and (10) Amendment No. 2 to the Barge Agreement. Third, APCo will share assets with Affiliates under (11) the Affiliated Transactions Agreement; (12) the Affiliated Transactions Agreement for Sharing Capitalized Spare Parts ("Spare Parts Agreement"), and (13) Amendment No. 1 to the Spare Parts Agreement; (14) the Affiliated Transactions Agreement for Sharing Materials and Supplies ("M&S Agreement"), and (15) Amendment No. 1 to the M&S Agreement; and (16) the AEP System Rail Car Use Agreement, as amended by Amendment No. l and Amendment No. 2.

The Applicants represent that the Amended Agreements are in the public interest because they generally involve services or arrangements that have been in place for many years. The Applicants further represent that the Amended Agreements enhance APCo's ability to provide service to its customers at just and reasonable rates by sharing or minimizing costs.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the Amended Agreements are in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Applicants are hereby granted approval of the Amended Agreements effective as of the date of this Order, subject to the requirements set forth in the Appendix attached hereto to this Order.

(2) This case is dismissed.

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[1] Code § 56-76 *et seq.* ("Affiliates Act").

[2] *Application of Appalachian Power Company, et al., For approvals pursuant to the Act Governing Regulation of Relations with Affiliated Interests, Va. Code §§ 56-76 et seq.*, Case No. PUE-2013-00103, 2013 S.C.C. Ann. Rept. 455, Order Granting Authority (Dec. 16, 2013) ("2013 Order").

[3] The Affiliates are: Ohio Power Company; Kentucky Power Company; Indiana Michigan Power Company; Public Service Company of Oklahoma; Southwestern Electric Power Company; AEP Generation Resources, Inc.; AEP Generating Company; American Electric Power Service Corporation; Kingsport Power Company; Wheeling Power Company; Ohio Valley Electric Corporation; and Indiana-Kentucky Electric Corporation.

[4] The Amended Agreements include ten Agreements and six Amendments.

[5] In the Application, the Company acknowledged that the Commission's approval in its 2013 Order for the Sporn Agreement expired in June 2016. *See* Application at 8, n.11.

APPENDIX

(1) The Commission's approval of the Amended Agreements shall be limited to five (5) years from the effective date of the Order in this case. Should the Company wish to continue under the Amended Agreements beyond that date, separate Commission approval shall be required.

(2) The Commission's approval shall have no accounting or ratemaking implications.

(3) The Commission's approval shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq*., hereafter.

(4) Separate Commission approval shall be required for any changes in the terms and conditions of the Amended Agreements.

(5) The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

(6) The Commission's approval shall be limited to the specific services identified in the Amended Agreements. Should the Company wish to obtain additional services from or provide additional services to its Affiliates under the Amended Agreements, subsequent Commission approval shall be required.

(7) Separate Affiliates Act approval shall be required for the Company to provide or receive services from its Affiliates through the engagement of affiliated third parties under the Amended Agreements.

(8) The Company shall bear the burden of proving, in any rate proceeding, that, (i) for services provided to its Affiliates for which a market exists, APCo charged the higher of cost or market for such services, and (ii) for services obtained from its Affiliates for which a market exists, APCo paid the lower of cost or market for such services.

(9) The Company shall file with the Commission signed and executed copies of the Amended Agreements approved in this case within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(10) The Company shall include all transactions associated with the Amended Agreements in its Annual Report of Affiliate Transactions ("ARAT"), submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. The APCo ARAT reporting shall include, but not be limited to, the following information:

(a) The most recent Case Number under which the agreement was approved;
(b) The names of all direct and indirect affiliated parties to the agreement;
(c) The name and type of activity performed by each affiliate under the agreement; and
(d) A schedule, in Excel electronic spreadsheet format with formulas intact, listing the prior year's transactions by month, type of service, FERC account, and dollar amount (as the transaction is recorded on the utility's books).

CASE NO. PUR-2018-00199
FEBRUARY 26, 2019

APPLICATION OF
BOLLINGER ENERGY CORPORATION

For a license to conduct business as an aggregator of natural gas

ORDER GRANTING LICENSE

On December 14, 2018, Bollinger Energy Corporation ("Bollinger Energy" or "Company") completed an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator of natural gas ("Application").[1] The Company seeks authority to provide aggregation services to eligible residential, commercial, and industrial customers in the service territories of Washington Gas Light Company ("WGL") and Columbia Gas of Virginia, Inc ("CGV").[2] Bollinger Energy attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services.[3]

On January 11, 2019, the Commission issued an Order for Notice and Comment ("Notice Order"), which, among other things, directed Bollinger Energy to serve a copy of the Notice Order upon appropriate utilities; provided an opportunity for interested persons to file written comments on the Application; and directed the Commission's Staff ("Staff") to analyze the Application and present its findings in a report ("Staff Report").

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[1] The Company filed its Application on December 14, 2018, but the Company filed part of its Application marked as "Confidential" without following the procedures as outlined in 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* On January 2, 2019, the Company filed additional public documents to replace Confidential documents included in the original filing of its Application.

[2] While Bollinger Energy seeks Commission approval to serve customers throughout the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc., access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s.

[3] 20 VAC 5-312-10 *et seq*.

On January 22, 2019, Bollinger Energy filed proof of service. No comments were filed on the Application.

On February 15, 2019, Staff filed its Staff Report, which summarized Bollinger Energy's Application and provided an evaluation of the Company's financial and technical fitness. Staff recommended that a license be granted to Bollinger Energy for the provision of natural gas aggregation services to residential, commercial, and industrial customers in the Virginia service territories of CGV and WGL.[4]

No response to the Staff Report was filed.

NOW THE COMMISSION, upon consideration of this matter, finds that Bollinger Energy's Application for a license to conduct business as an aggregator of natural gas to residential, commercial, and industrial customers in the Virginia service territories of CGV and WGL should be granted, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) Bollinger Energy Corporation hereby is granted License No. A-63 to provide competitive aggregation service for natural gas to eligible residential, commercial, and industrial customers in the Virginia service territories of CGV and WGL. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

[4] Staff Report at 5.

CASE NO. PUR-2018-00200
SEPTEMBER 12, 2019

PETITION OF
DECLARATION NETWORKS GROUP, INC.

Seeking State Corporation Commission investigation of, and sanctions against, Eastern Shore of Virginia Broadband Authority

FINAL ORDER

On December 17, 2018, Declaration Networks Group, Inc. ("Declaration"), filed a petition ("Petition") with the State Corporation Commission ("Commission") in which Declaration alleged that the Eastern Shore of Virginia Broadband Authority ("ESVBA") violated §§ 56-484.7:1 and 56-484.7:2 of Article 5.1 of the Code of Virginia ("Code")[1] by: (a) failing to petition the Commission for authority to provide qualifying communications services; (b) illegally providing qualifying communications services in areas that have three or more competitors providing functionally equivalent services; and (c) proposing to expand its unlawful qualifying communications services into additional geographic areas where three or more non-affiliated companies are providing functionally equivalent services.[2]

Declaration also asserted that ESVBA's actions violate its founding document in which it was created as a wireless broadband authority under Code § 15.2-5431.1 *et seq.* ("Wireless Service Authorities Act" or "Act"), by the counties of Northampton and Accomack, Virginia, to provide high speed data service and internet access service in underserved areas.[3]

Declaration requested that the Commission investigate the matter and order ESVBA: (a) to cease providing any further qualifying communications services and expanding into additional areas unless and until the Commission issues proper authority; and (b) to stop providing qualifying communications services in all areas that are served by three or more competitors after a period of time sufficient to permit its existing customers to find an alternative service provider.[4] Declaration also requested that the Commission levy any other sanctions on ESVBA, and order ESVBA to compensate Declaration for lost business, as permitted by law.[5]

On January 4, 2019, ESVBA filed a Response to Petition and Motion to Dismiss.

On January 8, 2019, the Commission entered an Order that docketed the matter and assigned it to a Hearing Examiner to establish a procedural schedule, to hold further proceedings as necessary, and to issue a report and recommendation to the Commission. The Order also directed the Staff of the Commission ("Staff") to participate in this case to the same extent as permitted by 5 VAC 5-20-80 D of the Commission's Rules of Practice and Procedure.[6]

[1] Code § 56-484.7:1 *et seq.* ("Article 5.1").

[2] Petition at 2.

[3] *Id.* at 1-4.

[4] *Id.* at 6.

[5] *Id.*

[6] 5 VAC 5-20-10 *et seq.*

On January 18, 2019, Declaration filed a Reply to Response to Petition and Motion to Dismiss. On February 5, 2019, ESVBA filed a Reply in Support of Motion to Dismiss. On February 5, 2019, Eastern Shore Communications, Inc. ("ESCI"), filed a Motion for Leave to File Amicus Brief together with its Amicus Brief Supporting the Petition.

On February 7, 2019, Senior Hearing Examiner A. Ann Berkebile heard oral argument presented by counsel for ESVBA, Declaration, and Staff.

On February 28, 2019, the Hearing Examiner issued her Report. The Hearing Examiner found that ESVBA is not bound by the approval requirements of Article 5.1 and that the Petition should be dismissed.[7]

On March 20, 2019, Declaration filed comments objecting to the Hearing Examiner's Report. Declaration's comments were accompanied by a Motion for Hearing, which requested additional oral argument before the full Commission. On March 21, 2019, ESVBA and Staff each filed comments supporting the Hearing Examiner's Report.

On April 2, 2019, ESVBA filed an Opposition to Motion for Hearing. On April 9, 2019, Staff filed a Response to Declaration's Motion for Hearing. On April 11, 2019, Declaration filed a Reply to the responses filed by ESVBA and Staff.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Petition

The Petition raises a question of statutory interpretation, which the Commission will address herein. As noted by the Hearing Examiner, ESVBA has withdrawn its prior assertion that the Commission lacks subject matter jurisdiction over the Petition.[8]

Next, the Commission summarily rejects Declaration's legally and factually unsupported assertion that Staff somehow had a "conflict of interest" attendant to the instant Petition because Staff previously adopted a position on the legal question raised herein.[9] This accusation reflects, at best, a fundamental misunderstanding of the Staff's statutory and regulatory functions.[10]

The Commission also denies Declaration's Motion for Hearing. Declaration claims that an additional hearing is required in order "to resolve outstanding legal issues remaining from the [Hearing Examiner's] Report *before the full Commission*."[11] When the Commission assigns a matter to a Hearing Examiner, such matter is ultimately decided by the full Commission based on the entirety of the record.[12] Thus, Declaration's Motion for Hearing likewise appears to reflect a fundamental misunderstanding of the Hearing Examiner's statutory and regulatory functions.[13]

Statutory Construction

This case of statutory interpretation centers on two separate statutes from two separate Titles of the Code: (1) the Wireless Service Authorities Act, originally enacted in 2003 and located in Title 15.2 (Counties, Cities and Towns);[14] and (2) Article 5.1 (Provision of Certain Communications Services), originally enacted in 1999 and located in Title 56 (Public Service Companies).[15] In short, the Commission is being asked to determine if a wireless service authority created under Title 15.2 is subject to the Commission's jurisdiction under Title 56.

In this regard, the Wireless Service Authorities Act in Title 15.2 states the following: "The purposes for which the [wireless service] authority is being created … shall be to provide qualifying communications services as authorized by Article 5.1 (§ 56-484.7:1 *et seq.*) of Chapter 15 of Title 56."[16] The Act repeats that a "[p]roject" for a wireless service authority "means any system of facilities for provision of qualifying communications services as authorized by Article 5.1 (§ 56-484.7:1 *et seq.*) of Chapter 15 of Title 56."[17]

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[7] Hearing Examiner's Report at 7. The Hearing Examiner also granted ESCI's Motion for Leave to File Amicus Brief, noting that no objection had been made thereto. *Id*. at 2 n.6.

[8] *Id*. at 2 n.8; Tr. 72.

[9] *See, e.g.,* Declaration's March 20, 2019 Comments at 5, 10, 15-16.

[10] *See, e.g.,* Staff's April 9, 2019 Response at 7-10. *See also* ESVBA's April 2, 2019 Opposition at 6-8.

[11] Declaration's April 11, 2019 Reply at 2 (emphasis added).

[12] *See, e.g.,* 5 VAC 5-20-120(C). *See also Board of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 454 n.10 (2016) ("We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence of record.") (citation omitted).

[13] *See also* Code § 12.1-31; 5 VAC 5-20-120.

[14] 2003 Acts ch. 643.

[15] 1999 Acts ch. 916.

[16] Code § 15.2-5431.4.

[17] Code § 15.2-5431.2.

Next, Article 5.1 of Title 56:

(1) provides that a "qualifying communications service" is "a communications service, which shall include but is not limited to, high-speed data service and Internet access service, of general application, but excluding any cable television or other multi-channel video programming services";[18]

(2) requires a "county, city, town, electric commission or board, industrial development authority, or economic development authority" (a) to petition the Commission for approval to offer qualifying communications services, and (b) to establish that such services are *not* "readily and generally in the specified geographic area available from each of three or more nonaffiliated companies";[19] and

(3) permits the Commission subsequently to revoke any such approval upon making certain findings.[20]

In interpreting these provisions, the Commission follows instructions provided by the Supreme Court of Virginia ("Court"), to wit, "[w]hen construing a statute, our primary objective is to ascertain and give effect to the legislative intent, which is initially found in the words of the statute itself."[21] As further directed by the Court, the Commission has also considered the Act and Article 5.1 *in pari materia*: "[W]e also generally consider as *in pari materia*, statutes related to the same subject matter, to make the body of the laws harmonious and just in their operation."[22] In addition, because the question herein (i) does not require the Commission's technical expertise, and (ii) addresses the primacy between a locality's Title 15.2 powers and the Commission's Title 56 jurisdiction, the Commission's inquiry is straightforward: Whether the statutory plain language "reflect[s] a *manifest intent* on the part of the General Assembly" to subordinate powers given to localities under Title 15.2 to the Commission's jurisdiction under Title 56.[23]

In considering the Act and Article 5.1 under such auspices, the Commission finds that the plain language thereof does not reflect a manifest intent on the part of the General Assembly to subject a "wireless service authority" created in Title 15.2 to the Commission's approval jurisdiction in Title 56. Indeed, this lack of clear subordination of a wireless service authority to the Commission's jurisdiction stands in stark contrast to the unquestionable intent as it relates to other governmental entities in this regard. That is, as quoted above, Article 5.1 in Title 56 *expressly* lists the localities and authorities that are subject to the Commission's jurisdiction thereunder and requires them to "petition the Commission" for approval prior to providing qualifying communications services.[24] Wireless service authorities are not included in that list.

Moreover, the Act's cross-reference to Article 5.1 (*i.e.*, a wireless service authority shall provide "qualifying communications services as authorized by Article 5.1")[25] does not serve as a replacement for such manifest intent. While this cross-reference clearly identifies the communications services that can be provided by a wireless service authority, nowhere does it state – as it does in Article 5.1 – that a wireless service authority must first "petition the Commission," and that the Commission must then "approve or disapprove" such petition upon making certain findings.[26] Simply put, read *in pari materia*, the lack of "a manifest intent on the part of the General Assembly"[27] to make a wireless service authority's Title 15.2 powers subservient to the Commission's Title 56 jurisdiction is even more glaring in light of the express, unmistakable intent therefor that exists for a "county, city, town, electric commission or board, industrial development authority, or economic development authority."[28]

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[18] Code § 56-484.7:1(A).

[19] Code §§ 56-484.7:1(A) and 56-484.7:2.

[20] Code § 56-484.7:4.

[21] *Chaffins v. Atlantic Coast Pipeline, LLC*, 293 Va. 564, 568 (2017) (internal quotation marks and citation omitted).

[22] *Board of Supervisors of Fairfax County v. Cohn*, 296 Va. 465, 473 (2018) (internal quotation marks and citation omitted).

[23] *BASF Corp. v. State Corp. Comm'n*, 289 Va. 375, 402-403, 405 (2015) ("[I]n determining whether certain structures or uses are exempt from local zoning ordinances [and are subject to the Commission's jurisdiction], there must be a *manifest intention* on the part of the legislature to do so. … [T]he intention to exempt switching stations from local zoning ordinances [in Title 15.2] is not *manifest* within Code § 56-46.1 [in Title 56]. … Here, the plain language [giving the Commission jurisdiction under Title 56] does not reflect a *manifest intent* on the part of the General Assembly to exempt switching stations from [a locality's power under Title 15.2].") (emphases added) (internal quotation marks and citations omitted). Unlike the Commission's statutory analysis that was reversed in relevant part in *BASF Corp.*, *supra*, we do not herein find that the statutory language requires the Commission's technical expertise to interpret an undefined electric utility term from an engineering standpoint. *BASF Corp.*, 289 Va. at 403-404 (the statutory construction "does not require analysis '[f]rom an engineering standpoint' as the Commission argues").

[24] Code § 56-484.7:1(A).

[25] Code § 15.2-5431.4.

[26] *See, e.g.,* Code § 56-484.7:1(A).

[27] *BASF Corp.*, 289 Va. at 405.

[28] Code § 56-484.7:1(A).

The Commission further notes the ease with which the General Assembly could have made such intent manifest as to wireless service authorities. The General Assembly could have expressly stated in the Act that a wireless service authority is required to "petition the Commission" for approval as it did in Article 5.1; but it did not. The General Assembly also could have expressly included "wireless service authority" in the list of localities and authorities that are subject to the Commission's jurisdiction in Code § 56-484.7:1(A) of Article 5.1; but it did not. Indeed, to paraphrase the Court when undertaking a similar analysis: "[W]e also note the ease with which the General Assembly could have included [wireless service authorities] in [Code § 56-484.7:1(A)] … had that been its intent."[29]

In addition, the Commission observes that this same statutory analysis is used in determining when the Commission has jurisdiction over localities in other contexts. For example, when a locality provides utility services such as electricity, natural gas, or water and sewer, the Commission only has jurisdiction thereover if the specific governmental entity is *expressly listed* in the relevant section of Title 56:

> [I]n those specific and limited cases where the General Assembly intends to subject a governmental entity to the Commission's jurisdiction, it does so expressly and for limited purposes. … Thus, if the General Assembly intended to include a municipality within the Commission's jurisdiction in § 56-570 of the Code, it had an explicitly defined term in which it could have done so, but did not.[30]

Next, neither ESVBA nor Declaration assert that the statutes are ambiguous as to the legal question herein.[31] If the statutory language, however, is deemed of "uncertain nature, of doubtful purport, open to various interpretations, or wanting clearness of definiteness," the legislative history as argued by the parties does not alter the Commission's conclusion.[32] The Commission does not find the legislative history dispositive such that it would necessitate a different result. Moreover, legislative history shows that the General Assembly – if it wanted to – knew exactly how to subordinate wireless service authorities to the Commission's jurisdiction. Specifically, legislation was introduced in 2005 that would have expressly inserted "wireless service authority" into the list of localities and authorities subject to the Commission's jurisdiction in Code § 56-484.7:1(A) of Article 5.1; the bill did not become law.[33]

Furthermore, since the Act's passage in 2003,[34] there have been 30 wireless service authorities that have incorporated thereunder with the Commission.[35] The first was incorporated in 2004, and the most recent in 2018.[36] Staff has consistently held the legal position that wireless service authorities are not subject to the Commission's jurisdiction under Article 5.1. As a result, those 30 wireless service authorities have not petitioned the Commission for approval thereunder.[37] Thus, the Commission further observes that, even with this substantial number of wireless service authorities existing outside the parameters of Article 5.1, the General Assembly has never amended the Code to manifest a different intention.

Finally, the Commission rejects Declaration's argument that the outcome herein represents an "absurd result." Specifically, Declaration claims that the Commission's interpretation is legally "absurd" due to Declaration's belief that it represents "absurd" policy for the Commonwealth.[38] Such an argument, however, is directly contrary to Virginia law: "In this context, the anti-absurdity limitation has a legal, not colloquial, meaning. Our fidelity to the statutory text does not permit us to weigh policy arguments for and against legislation, holding out the possibility that we would fashion an interpretation based upon avoiding policies that a litigant thinks to be absurd."[39] Rather, the result herein is not legally "absurd" because it does not "force[] the statutory text into an internally inconsistent conflict or render[] the statute otherwise incapable of operation."[40]

Accordingly, IT IS SO ORDERED, and this case is dismissed.

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[29] *BASF Corp.*, 289 Va. at 405 ("We also note the ease with which the General Assembly could have included substations in Code § 56-46.1(F) … had that been its intent.").

[30] *Petition of Elizabeth River Crossings OpCo, LLC v. City of Portsmouth*, Case No. PUE-2013-00071, 2013 S.C.C. Ann. Rpt. 425, 427, Order Dismissing Petition (2013) (concluding that the General Assembly did not intend to give the Commission jurisdiction over a locality's provision of water and sewer service).

[31] *See, e.g.,* ESVBA's February 5, 2019 Reply at 2-6; Declaration's March 20, 2019 Comments at 10.

[32] *Shepherd v. Conde*, 293 Va. 274, 284 (2017) ("'[A] statute is ambiguous when its language is capable of more senses than one, difficult to comprehend or distinguish, of doubtful import, of doubtful or uncertain nature, of doubtful purport, open to various interpretations, or wanting clearness of definiteness, particularly where its words have either no definite sense or else a double one.'") (quoting *Newberry Station Homeowners Ass'n v. Board of Supervisors*, 285 Va. 604, 614 (2013) (internal quotation marks and citation omitted)). Thus, "[a]ssuming for the sake of argument that [the statute] is ambiguous …, we may resolve such ambiguity by consulting legislative history." *Id*. (citing *JSR Mech., Inc. v. Aireco Supply, Inc.*, 291 Va. 377, 385 (2016)).

[33] Tr. 67. *See* House Bill 2395 (Amendment in the Nature of a Substitute), 2005 Session (https://lis.virginia.gov/cgi-bin/legp604.exe?051+ful+HB2395H1).

[34] 2003 Acts ch. 643.

[35] *See, e.g.,* Staff's April 9, 2019 Response at Attachment A; Tr. 63-64.

[36] *See, e.g.,* Staff's April 9, 2019 Response at Attachment A.

[37] *See, e.g.,* Tr. 63-64. Moreover, ESVBA notes that it and Staff have "met informally over the years" on this specific question. Tr. 18.

[38] *See, e.g.,* Declaration's March 20, 2019 Comments at 5-6.

[39] *Tvardek v. Powhatan Vill. Homeowners Ass'n*, 291 Va. 269, 279 (2016).

[40] *Id.* at 280 (internal quotation marks and citation omitted). Indeed, the result herein actually *avoids* potential conflicts or internal inconsistencies. Specifically, both the Act and Article 5.1 contain provisions regarding the rates that may be charged for qualifying communications services. Those rate provisions, however, are *not* the same and embody different rate requirements. *See, e.g.,* Code §§ 15.2-5431.11(9), 15.2-5431.25, and 56-484.7:1(C). *See also* ESVBA's March 21, 2019 Comments at 10; ESVBA's February 5, 2019 Reply at 7; Staff's April 9, 2019 Response at 7 n.20.

CASE NO. PUR-2018-00201
MARCH 11, 2019

APPLICATION OF
ALTERNATIVE UTILITY SERVICES, INC.

For license to conduct business as an aggregator of electricity and natural gas

ORDER GRANTING LICENSE

On January 14, 2018, Alternative Utility Services, Inc. ("AUS" or "Company"), completed the filing of an application with the State Corporation Commission ("Commission") for a license to conduct business as an aggregator of electricity and natural gas ("Application").[1] The Company seeks authority to provide aggregation services for electricity and natural gas to eligible industrial and commercial customers in the service territories of Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV"), Washington Gas Light Company ("WGL"), Atmos Energy Corporation ("Atmos"), and Virginia Natural Gas, Inc ("VNG").[2] AUS 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.[3]

On January 23, 2019, the Commission issued an Order for Notice and Comment ("Notice Order"), which, among other things, directed AUS to serve a copy of the Notice Order upon appropriate utilities, provided an opportunity for interested persons to file written comments on the Application, and directed Staff to analyze the Application and present its findings in a report ("Staff Report").

On February 6, 2019, AUS filed its proof of service. On February 11, 2019, DEV filed comments on the Application. DEV urged the Commission and Staff to investigate and closely examine AUS's financial and technical fitness needed to serve as an aggregator in Virginia.

On February 19, 2019, Staff filed its Staff Report, which summarized AUS's Application and evaluated its financial and technical fitness. Based on AUS's representations, Staff recommended that a license be granted to AUS for the provision of electricity aggregation and natural gas aggregation services to industrial and commercial customers within the service territories identified in the Notice Order.[4] The Commission received no responses to the Staff Report.

NOW THE COMMISSION, upon consideration of this matter, finds that AUS's Application for a license to conduct business as an aggregator of electricity and natural gas to industrial and commercial customers in the service territories proposed should be granted, subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

Accordingly, IT IS ORDERED THAT:

(1) AUS is hereby granted License No. A-64 to provide competitive aggregation services for electricity and natural gas to eligible industrial and commercial customers in the service territories of DEV and WGL, and service territories of Atmos and VNG if and when they become open to retail choice. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

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[1] The Company filed its Application on December 17, 2018. The Commission Staff ("Staff") deemed the Application incomplete on January 4, 2019. The Company filed supplemental information on January 14, 2019, completing its Application.

[2] Although AUS seeks to serve customers in the service territories of DEV, WGL, Atmos, and VNG, retail choice presently exists only in the service territories of DEV and WGL. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s.

[3] 20 VAC 5-312-10 *et seq.* ("Retail Access Rules").

[4] Staff Report at 6. Staff recognized that for the service territories AUS seeks to serve, retail choice exists only in the service territories of WGL and DEV and that retail choice for electricity is permitted only pursuant to the customer classes, load parameters, and renewable energy sources as set forth in the Code of Virginia. *Id.* at 1.

CASE NO. PUR-2018-00202
MAY 1, 2019

APPLICATION OF
TIME CLOCK SOLUTIONS, LLC

For a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On January 16, 2019, TIME CLOCK SOLUTIONS, LLC ("TIME CLOCK" or "Company"), completed the filing of 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 ("Application"). TIME CLOCK's Application was accompanied by a motion for entry of a protective order ("Motion") filed in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*.

On February 7, 2019, the Commission issued an Order for Notice and Comment ("Scheduling Order") that, among other things, directed TIME CLOCK to provide notice to the public of its Application and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). On February 25, 2019, TIME CLOCK filed proof of service and proof of notice in accordance with the Scheduling Order.

On April 15, 2019, Staff filed its Staff Report concluding that the Company's Application is in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("Local Rules"), 20 VAC 5-417-10 *et seq*. Based upon its review of the Company's Application, Staff determined that it would be appropriate to grant a Certificate to TIME CLOCK subject to the following condition: TIME CLOCK should notify the Division of Public Utility Regulation 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 this matter, is of the opinion and finds that it should grant a Certificate to TIME CLOCK. Furthermore, the Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.[1]

Accordingly, IT IS ORDERED THAT:

(1) TIME CLOCK hereby is granted Certificate No. T-764 to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, Code § 56-265.4:4, and the provisions of this Final Order.

(2) Prior to providing telecommunications services pursuant to the Certificate granted by this Final Order, the Company shall provide tariffs to the Division of Public Utility Regulation that conform to all applicable Commission rules and regulations. If TIME CLOCK elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Local Rule 20 VAC 5-417-50 A.

(3) TIME CLOCK shall notify the Division of Public Utility Regulation no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(4) The Company's Motion is denied; however, the Commission directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(5) This case is dismissed.

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[1] The Commission has not received a request to review the information that the Company designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUR-2018-00203
MARCH 15, 2019

APPLICATION OF
VIRGINIA NATURAL GAS, INC. and SEQUENT ENERGY MANAGEMENT, L.P.

For approval of an Asset Management Agreement under Chapter 4, Title 56 of the Code of Virginia

ORDER

On December 28, 2018, Virginia Natural Gas, Inc. ("VNG" or "Company"), and Sequent Energy Management, L.P. ("Sequent") (collectively, "Applicants"), filed a Joint Application with the State Corporation Commission ("Commission"), pursuant to Chapter 4, Title 56 of the Code of Virginia ("Code"),[1] seeking approval of an Asset Management and Agency Agreement ("AMAA"), under which Sequent will provide gas supply and asset management services to VNG. The Applicants also filed a Joint Motion for Entry of a Protective Order with the Joint Application.

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[1] Code § 56-76 *et seq*., Regulation of Relations with Affiliated Interests ("Affiliates Act").

The Joint Application states that on June 29, 2018, the Commission entered an Order that, among other things, directed VNG to conduct a Request for Proposal ("RFP") process to select its next gas procurement and asset manager.[2] The Joint Application further states that, as directed by the June 2018 Order, VNG developed and initiated an RFP process, after which Sequent was selected as the successful bidder.[3] The Company also filed the results of the RFP in Case No. PUR-2017-00122 on December 21, 2018.[4]

On January 7, 2019, the Commission issued an Order that docketed the instant case, assigned it to a Hearing Examiner, and extended the statutory 60-day review period by an additional thirty (30) days pursuant to Code § 56-77.

The Hearing Examiner accepted notices of participation filed by Direct Energy Business Marketing, LLC ("Direct Energy"), Enspire Energy, LLC ("Enspire"), Tenaska Marketing Ventures ("TMV"), and the Virginia Industrial Gas Users' Association ("VIGUA"); testimony was presented by VNG, Direct Energy, Enspire, TMV, and Commission Staff ("Staff"); and an evidentiary hearing was held on February 21-22, 2019.[5]

On February 28, 2019, the Hearing Examiner issued his report in this matter ("Report").

On March 5, 2019, each of the participants in this case filed comments on the Report.

On March 8, 2019, VNG filed a Motion for Leave to File Reply to Staff's Comments and Recommendations ("Motion for Leave"), and TMV filed a Response to the Motion for Leave.

On March 12, 2019, VIGUA filed a Response to the Motion for Leave.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code § 56-77 A of the Affiliates Act states in full (emphasis added):

> 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*. The Commission shall, after the filing of such a contract or arrangement, approve or disapprove the contract or arrangement within sixty days. The sixty-day period may be extended by Commission order for an additional period not to exceed thirty days. The contract or arrangement shall be deemed approved if the Commission fails to act within sixty days or any extended period ordered by the Commission. It shall be the duty of every public service company to file with the Commission a verified copy of any such contract or arrangement, regardless of the amount involved, and the general rule herein referred to shall remain in full force and effect as to all other public service companies.

For purposes of implementing the above statute, the Supreme Court of Virginia has explained that "[a]pproval of a service agreement [under the Affiliates Act] simply is a determination that the *structure* of the arrangement is in the *public interest*."[6]

Due to the extremely limited time permitted for any contested review under the Affiliates Act, as well as the impending expiration of the current AMAA, the Hearing Examiner and parties have been required to implement expedited procedures in order to have this case presented to the Commission for timely resolution. Based on the current record, the Commission finds that it is in the public interest to approve the proposed AMAA for two years, subject to the requirements set forth in this Order and the Appendix attached hereto. The Commission further finds, as set forth below, that another RFP shall be issued and additional proceedings shall be established to determine specific requirements for that next RFP process *prior to* the commencement thereof, which requirements shall include independent monitoring of the RFP process.

The Commission has considered the entire record that was developed within the truncated timeframe required for this case and finds that approving the proposed AMAA for two years, with no option for extension, is in the public interest, and that the parameters attendant to the instant RFP (including the credit support requirements) do not render the proposed AMAA contrary to the public interest for purposes of Code § 56-77. This conclusion, however, in no manner precludes the Commission from ordering different requirements for issuing the next RFP and for selecting VNG's next gas procurement and asset manager for a term beginning on April 1, 2021. Specifically, the Commission herein orders that on or before June 1, 2019, VNG shall file in the instant docket a proposed RFP for its next AMAA and Gas Purchase and Sale Agreement ("GPSA"), along with detailed plans for implementing the same. In addition to the current parties herein, VNG shall also serve a copy of such proposal on the 22 natural gas market participants that responded to the instant RFP.[7]

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[2] *Application of Virginia Natural Gas, Inc., and Sequent Energy Management, L.P., For approval of an Asset Management Agreement under Chapter 4, Title 56 of the Code of Virginia*, Case No. PUR-2017-00122, Doc. Con. Cen. No. 180640308, Order (June 29, 2018) ("June 2018 Order").

[3] *Id.* at 6-9.

[4] *Id.* at 9.

[5] During the evidentiary hearing, the Hearing Examiner granted Staff's motion to withdraw its testimony and action brief. *See* Tr. at 405-408.

[6] *Commonwealth Gas Services, Inc. v. Reynolds Metals Co.*, 236 Va. 362, 368 (1988) (emphases added) (citing *Roanoke Gas Co. v. Commonwealth*, 217 Va. 850 (1977)).

[7] *See, e.g.,* Report at 9.

After such RFP proposal is filed, the Commission will conduct a formal proceeding to determine specific requirements attendant to the next RFP prior to its issuance. This evidentiary proceeding shall be concluded in sufficient time to permit the approved RFP to be prepared by, and advertisements therefor to commence no later than, August 1, 2020. In this manner, approving the proposed AMAA for two years will also enable the Commission to order specific parameters for the next RFP – and to remove, where reasonable, barriers to bidder participation and consideration – prior to its issuance. Indeed, this schedule will provide sufficient time to implement an orderly RFP process, identify the winning bidder, and allow VNG's next gas procurement and asset manager to perform the tasks necessary to begin procuring baseload and storage gas for the next awarded contract term.

Finally, as part of such subsequent proceedings, the Commission will direct its Staff to provide – or to obtain through one or more outside expert witnesses – independent third-party testimony on substantive and procedural aspects proposed for the next RFP and to monitor the implementation of the next RFP to ensure it is conducted in the public interest. Based on the record in the instant case, such issues shall include (but are not limited to) the following:

- the terms of the nondisclosure agreement required for potential bidders;
- a bidder's ability (directly or through an affiliate) to serve as a retail marketer within VNG's service territory;
- reasonable credit support options that should be provided by a bidder (including, but not limited to, the amount of credit risk exposure and acceptable forms of credit support);
- limitations on VNG's ability to release capacity to the asset manager;
- whether VNG or its asset manager should be required to release any portion of VNG's unneeded capacity;
- separation of utility employees from those of bidders or potential bidders;
- the use of, and the specific tasks to be assigned to, an independent monitor to manage the RFP process; and
- determination of the limited amount of information attendant to the RFP process that will be treated as confidential or extraordinarily sensitive.

Accordingly, IT IS ORDERED THAT:

(1) VNG's Motion for Leave is denied.

(2) Pursuant to Code § 56-77, the proposed AMAA is approved for a period of two (2) years, with no option for extension, subject to the requirements set forth in this Order and the Appendix attached hereto.

(3) On or before June 1, 2019, VNG shall file in the instant docket a proposed RFP for its next AMAA and GPSA, along with detailed plans for implementing the same. VNG shall serve a copy of such proposal on the parties herein and all natural gas market participants that responded to the instant RFP.

(4) This matter is continued.

APPENDIX

Regulatory Requirements

(1) The approval granted in this case shall not have any ratemaking implications.

(2) The AMAA and GPSA shall remain separate agreements. VNG and Sequent shall forthwith file with the Commission verified signature pages stating the AMAA and GPSA will remain separate agreements. Should the Applicants wish to change the terms and conditions of either the AMAA or the GPSA, separate Commission approval shall be required.

(3) VNG shall retain ownership of its Assets at all times while Sequent shall act solely in the capacity of VNG's agent pursuant to the AMAA and GPSA.

(4) VNG shall employ an internal management/operational group to oversee the AMAA and GPSA.

(5) Sequent must satisfy VNG's native load firm gas supply requirements before it can use VNG's Assets for financial optimization purposes.

(6) Sequent shall not provide services or charge or allocate costs to VNG through AGL Services Company.

(7) Should the AMAA and GPSA be reassigned to a third party, separate and prior Commission approval shall be required.

(8) Staff shall regularly monitor the Applicants' transactions and conduct under the agreements.

Pricing and Sharing Requirements

(9) The pricing for the AMAA shall be as set forth in the Joint Application and proposed AMAA.

(10) VNG shall not pay Sequent directly to manage the AMAA and GPSA. Sequent shall recover its costs of managing the AMAA and GPSA through its share of the total value created from optimizing VNG's Assets. Should the Applicants wish to change the terms and conditions of the AMAA and GPSA, separate Commission approval shall be required.

(11) VNG shall plan and pay for its native load gas supply as if it performed its own least cost dispatch via a logical or "virtual dispatch" plan.

(12) The natural gas pricing for VNG's native load gas supply purchases shall be based on the market indices at VNG's receipt points.

(13) Regulatory compliance costs related to the AMAA and GPSA shall not be recovered through the AMAA value sharing mechanism or any other gas cost recovery mechanism.

Recordkeeping and Reporting Requirements

(14) VNG shall continue to meet with Staff each quarter to discuss the results of the AMAA and GPSA.

(15) The Applicants shall provide to Staff a confidential quarterly AMAA and GPSA report ("Report"), which contains information consistent with the quarterly Reports that are currently provided to Staff, as directed by the Commission's December 19, 2017 Order in Case No. PUR-2017-00122.

(16) The Report shall contain a glossary that defines the technical terms in the AMAA and GPSA.

(17) The Report shall disclose the average weighted cost of monthly baseload purchases at VNG entitlement points and supporting calculations.

(18) The Report shall separately identify and report alternative pricing measures, including mutually agreed upon pricing and replacement gas pricing.

(19) The Report shall provide each month: (i) the prices and volumes of gas injected into storage; (ii) the prices and volumes of gas withdrawn from storage; (iii) the weighted average cost of gas in storage; (iv) the mark-to-market value of outstanding financial positions; and (v) a summary of actions undertaken during the month, including physical gas bought, physical gas sold, financial positions settled, and incremental storage activity.

(20) Sequent shall keep detailed records of all Sequent gas purchases and sales at each VNG entitlement point for two years after the AMAA and GPSA expire.

(21) Sequent shall keep detailed records of weighted average gas prices for Sequent purchases and sales to third parties at VNG entitlement points for two years after the AMAA and GPSA expire.

(22) Sequent shall reconcile the prices and volumes of off-system sales at VNG's citygate delivery points with the prices and volumes that the volume sharing pool receives.

(23) VNG and Sequent shall retain sufficient records of its off-system sales for the Staff to determine in an audit whether the asset manager maximized the value of those sales for the benefit of VNG and its customers.

(24) The Staff shall have the right to request information from VNG and Sequent to monitor and investigate any potential abuses under the AMAA and GPSA.

(25) The Applicants shall file executed copies of the approved agreements 30 days after approval, subject to administrative extension by the Director of the Division of Utility Accounting and Finance.

(26) All transactions under the AMAA and GPSA shall be included in VNG's Annual Report of Affiliate Transactions.

CASE NO. PUR-2019-00001
FEBRUARY 19, 2019

JOINT PETITION OF
PEOPLES MUTUAL TELEPHONE COMPANY, RIVERSTREET MANAGEMENT SERVICES, LLC, and
RIVERSTREET COMMUNICATIONS OF VIRGINIA, INC.

For approval to enter into financing arrangements under Chapters 3 and 4 of Title 56 of the Code of Virginia.

ORDER GRANTING AUTHORITY

On January 4, 2019, Peoples Mutual Telephone Company ("PMTC"), RiverStreet Management Services, LLC, and RiverStreet Communications of Virginia, Inc., filed a Joint Petition ("Petition")[1] with the State Corporation Commission ("Commission") under Chapters 3[2] and 4[3] of Title 56 of the Code of Virginia ("Code") for approval to enter into financing arrangements necessary to provide part of the funding for work to be undertaken in rural areas of Virginia as a result of the Federal Communications Commission's Connect America Fund - Phase Two ("CAF II") auction involving PMTC's ultimate corporate parent and certain affiliates.[4] Specifically, the Petitioners request Commission authorization for PMTC to participate in the financing arrangements up to an aggregate amount not to exceed $45 million, as a guarantor, and to pledge its equity and assets as security for the financing arrangements with terms materially consistent with those outlined in RiverStreet Confidential Exhibits A, D, E, and F ("Financing Arrangements").[5]

NOW THE COMMISSION, upon consideration of the Petition, as amended, and having been advised by the Commission's Staff in Staff's Action Brief, is of the opinion and finds that the Petitioners' requests are in the public interest and, therefore, the Petition, as amended, should be approved for purposes of Chapters 3 and 4, subject to the requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Chapters 3 and 4 of Code, authority is granted for PMTC to participate in the Financing Arrangements for the purposes and up to the limit specified in the Petition, as amended, subject to the requirements set forth in the Appendix attached to this Order.

(2) This case hereby is dismissed.

APPENDIX

1) The Commission's approval of PMTC's participation in the Financing Arrangements as guarantor, and/or to pledge its equity and assets as security for the Financing Arrangements, shall be limited to the purpose, terms, and conditions, including the maximum aggregate amount of $45 million, as specified in the amended Petition. Should the Petitioners wish to modify the purpose, terms, and conditions of PMTC's guaranty, separate Commission approval shall be required.

2) The Commission's approval granted in this case shall have no accounting or ratemaking implications.

3) The approval granted in this case shall not preclude the Commission from exercising its authority under Code § 56-76 *et seq*., hereafter.

4) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

5) The Petitioners shall file with the Commission signed and executed copies of the Financing Arrangements, including the PMTC guaranty, within ninety (90) days of their execution, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director"). Each page of any information provided by Petitioners to be considered as confidential shall be so marked and submitted in a sealed envelope marked confidential.

6) PMTC shall include all information associated with the Financing Arrangements and its guaranty in its Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT should include: (a) the case number in which PMTC's guaranty was approved; (b) the names of all direct and indirect affiliated parties to the Financing Arrangements; and (c) a cumulative schedule, in Excel electronic media format with formulas attached, showing by calendar year (i) the broadband buildout capital expenditures; (ii) the Financing Arrangements' annual and cumulative borrowings; and (iii) the CAF II payments.

7) PMTC shall file and obtain Chapter 3 (Code § 56-55 *et seq.*) and/or Chapter 4 ("Code § 56-76 *et seq.*) approval(s) prior to entering into any new financing or affiliate arrangements resulting from the proposed Financing Arrangements.

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[1] With supplemental filings on February 14 and 15, 2019, the Petitioners amended the Petition to increase the maximum aggregate amount to $45 million, and supplement the Petition with Confidential Exhibits D, E, and F, filed under seal. ("Petitioners Supplemental Filing").

[2] Code § 56-55 *et seq.* ("Chapter 3").

[3] Code § 56-76 *et seq.* ("Chapter 4").

[4] Application at 1-4; Petitioners Supplemental Filing at 2.

[5] *See* Application at 6-9, 12; Petitioners Supplemental Filing at 2.

CASE NO. PUR-2019-00002
MARCH 6, 2019

JOINT PETITION OF
SDC SUMMIT HOLDINGS, LLC; SUMMIT INFRASTRUCTURE GROUP, LLC; SUMMITIG, LLC; and
SUMMIT INFRASTRUCTURE GROUP, INC.

For approval of a transfer of control pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On January 29, 2019, SDC Summit Holdings, LLC ("SDC"), Summit Infrastructure Group, LLC ("Summit"), SummitIG, LLC ("SIG"), and Summit Infrastructure Group, Inc. "Parent") (collectively, "Petitioners"),[1] filed a joint petition ("Petition") with the State Corporation Commission ("Commission") pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[2] requesting approval for the transfer of control of Summit and SIG to SDC ("Proposed Transfer").

Summit is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to its certificates of public convenience and necessity issued by the Commission in Case No. PUC-2012-00066.[3] SIG is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to its certificates of public convenience and necessity issued by the Commission in Case No. PUC-2014-00006.[4] According to the Petition, SDC will acquire a majority of the shares of stock of Parent. As a result of the Proposed Transfer, Summit and SIG will come under the indirect control of SDC and its parent companies.

Information provided with the Application indicates Summit and SIG will continue to have the financial, managerial, and technical resources to provide telecommunications services in Virginia following the completion of the Proposed Transfer under the ownership and control of SDC. In support of the Application, the Petitioners provided detailed managerial and technical experiences of SDC's management team and financial information on SDC and its parent companies.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission's Staff, is of the opinion and finds that the Proposed Transfer should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-88.1 and 56-90, the Petitioners hereby are granted approval of the Proposed Transfer as described herein.

(2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after the closing of the Proposed Transfer, which shall note the date the transfer occurred.

(3) This case is dismissed.

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[1] SDC GP Manager, LLC; SDC DIOF I GP, LLC; SDC Digital Infrastructure Opportunity Fund I, L.P.; SDC Summit Intermediate Holdings, LLC; SDC Summit Co-Invest, L.P; SDC Summit Manager, LLC; and the entity with a controlling interest in Parent pre-transfer (whose name was marked as confidential and filed under seal by the Petitioners), are also considered Petitioners and have provided the statutorily required verifications.

[2] Code § 56-88 *et seq*.

[3] *See Application of Summit Infrastructure Group, LLC, For Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia,* Case No. PUC-2012-00066, 2013 S.C.C. Ann. Rept. 192, Final Order (Feb. 14, 2013).

[4] *See Application of SIG Acquisition Company, LLC, For cancellation and reissuance of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change,* Case No. PUC-2014-00006, 2014 S.C.C. Ann. Rept. 215, Order Reissuing Certificates (Mar. 21, 2014).

CASE NO. PUR-2019-00003
FEBRUARY 1, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to establish a credit facility under Chapters 3 and 4, Title 56 of the Code of Virginia, as amended

ORDER GRANTING APPROVAL

On January 7, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("VEPCO" or the "Company") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapters 3[1]and 4[2] of Title 56 of the Code of Virginia ("Code") for authority to participate in a $6 billion, five year syndicated revolving credit facility ("Proposed Credit Core Facility") with its parent, Dominion Energy, Inc. ("DEI"). The facilities are used to provide letters of credit and liquidity to commercial paper programs and other short-term type securities. The Company paid the requisite fee of $250.

VEPCO requests the Proposed Core Credit Facility replace the currently Existing Core Credit Facility.[3] The Proposed Core Credit Facility will be available for borrowings by the Company, DEI, DEGH, Questar, and South Carolina Electric & Gas Company[4] ("SCE&G") (individually, "Borrower," and collectively, "Borrowers") with sublimits of $1.5 billion, $3 billion, $750 million, $250 million, and $500 million, respectively.

The Company states they will not have to pay any upfront fees to establish the Proposed Core Credit Facility due to the nature of the modifications included.

Other fees, including annual facility fees and letter of credit fees will be based on the Company's senior unsecured long-term credit rating by S&P Global Inc. ("S&P"), Moody's Investors Service, Inc. ("Moody's"), and Fitch Ratings Ltd., payable in arrears at the end of each calendar quarter.

Each loan under the Revolving Credit Facility will bear interest at one of the following rates, at the Borrower's election: 1) the higher of: (i) the rate of interest publicly announced by JPMorgan Chase as its prime rate in effect at its office in New York City; (ii) the Federal Reserve Bank of New York overnight rate from time to time plus 0.5%; and (iii) the Eurodollar Rate for a one month interest period plus 1.0%, provided that if any such rate shall be less than zero, such rate shall be deemed to be zero; or 2) the rate for Eurodollar deposits for a period equal to one, two, three, or six months, as selected by the Borrower, appearing on the Reuters Screen LIBOR01 page or LIBOR02 page (the rate is administered by ICE Benchmark Association) or any successor page provided that if any such rate shall be less than zero, such rate shall be deemed zero plus the Applicable Margin included in the Application.

If at any time the Company is in default in the payment of any amount of principal under this facility, the Company will be required to pay an additional 200 basis points in interest above the rate otherwise applicable on the defaulted amount. The Company also confirmed that if another Borrower defaulted, VEPCO would still have access to its portion of the Proposed Core Credit Facility. The term of the facility is the same as the Existing Core Credit Facility, which expires on March 20, 2023, with the Borrowers having the option to extend the facility for two 1-year periods.

On January 28, 2019, the Company filed an amended Proposed Core Credit Facility ("Amended Proposed Core Credit Facility") to reflect certain changes required with respect to SCE&G. These changes were made in preparation for filing for approval of the Proposed Core Credit Facility with the Public Service Commission of South Carolina. Specifically, changes were needed to reflect that SCE&G does not have a senior unsecured rating from Moody's or S&P, along with other minor non-substantive changes. The Company represents that none of the changes impact VEPCO including its ability to borrow or the terms of the Proposed Core Credit 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 is in the public interest. Accordingly, IT IS ORDERED THAT:

(1) VEPCO is authorized to implement the Amended Proposed Core Credit Facility subject to certain conditions outlined in the Appendix.

(2) This case is continued.

APPENDIX

1. Separate Commission approval shall be required for any changes in the terms and conditions of the Amended Proposed Core Credit Facility.

2. The Commission's approval shall have no accounting or ratemaking implications.

3. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of Code § 56-76 *et seq*. hereafter.

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[1] Code § 56-55 *et seq.*

[2] Code § 56-76 *et seq.*

[3] By Orders dated September 23, 2010, VEPCO was initially authorized 1) to establish and participate in a $500 million syndicated letter of credit facility; and 2) establish and participate in a $3 billion syndicated revolving credit and competitive loan facility ("Existing Core Credit Facility") together with DEI. Since that time, the facilities have been amended and/or extended pursuant to Commission Orders dated September 21, 2011, September 17, 2012, May 16, 2014, March 23, 2016, November 4, 2016, March 15, 2018, and December 21, 2018. The facilities now include Dominion Energy Gas Holdings, LLC ("DEGH") and Questar Gas Company ("Questar").

[4] DEI acquired SCANA Corporation, and its subsidiary, SCE&G, on January 1, 2019.

4. The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

5. The Company shall file with the Commission a signed and executed copy of the Amended Proposed Credit Core Facility within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's UAF Director.

6. The Company shall notify the Commission within ten days of any reallocation of sublimits authorized herein.

7. On or before January 31 of each year the Amended Proposed Core Credit Facility is active, the Company shall file a report detailing the use of the Amended Proposed Core Credit Facility for the previous year, which should include the date, amount, and applicable interest rate of each loan under the Amended Proposed Core Credit Facility.

8. This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

9. The authority granted in this case shall supersede the authority granted in PUE-2010-00106 and PUR-2018-00024. The Company should file Final Reports of Actions in both dockets detailing any use under the Credit facility including the date, amount, and applicable interest rate of each loan under the Credit Facility within 30 days of the execution of the Amended Proposed Credit Core Facility.

CASE NO. PUR-2019-00004
JANUARY 30, 2019

APPLICATION OF
BARC ELECTRIC COOPERATIVE

For authority to issue debt

ORDER GRANTING AUTHORITY

On January 8, 2019, BARC Electric Cooperative ("BARC") filed an application with the State Corporation Commission ("Commission") under Chapter 3[1] of Title 56 of the Code of Virginia for authority to incur long-term debt ("Application"). BARC has paid the requisite filing fee of $250.

BARC is seeking authority to incur up to $13 million in debt from the Federal Financing Bank ("FFB"). BARC states that the loan will be used to finance construction as detailed in BARC's approved Form 740C. Specifically, the loan will be used to finance Phase 2 of the fiber optic network approved by the Commission in Case No. PUE-2016-00116.[2] The term of the loan will be 20 years and the interest rates will be determined at the time of each advance.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) BARC is authorized to borrow up to $13 million from the FFB, all in the manner, under the terms and conditions, and for the purposes set forth in the Application.

(2) Within thirty (30) days of the date of any advance of funds from the FFB, BARC shall file with the Commission's Division of Utility Accounting and Finance a Report of Action, which shall include the amount of the advance and the interest rate.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) This matter is dismissed.

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[1] Va. Code § 56-55 *et seq.*

[2] *Application of BARC Electric Cooperative and BARConnects, LLC for approval of affiliate arrangements*, Case No. PUE-2016-00116, 2016 S.C.C. Ann. Rept. 463, Order Granting Approval (Dec. 20, 2016).

CASE NO. PUR-2019-00006
FEBRUARY 27, 2019

JOINT APPLICATION OF
BCM ONE, INC., and BCM ONE GROUP HOLDINGS, INC.

For approval of the proposed transfer of control of BCM One, Inc., to BCM One Group Holdings, Inc., pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On January 14, 2019, BCM One, Inc. ("BCM One"), and BCM One Group Holdings, Inc. ("Holdings") (collectively, "Applicants"),[1] filed a joint application ("Application") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[2] requesting approval of the proposed transfer of control of BCM One to Holdings ("Transfer"). The Applicants also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*.

BCM One is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to its certificates of public convenience and necessity issued by the Commission in Case No. PUC-2015-00005.[3] The Applicants represent that as a result of the proposed Transfer, BCM One will become a direct subsidiary of Holdings and, ultimately, an indirect subsidiary of Thompson Street.

The Applicants assert that BCM One will continue to provide services to its customers in Virginia without any immediate changes to the rates, terms, or conditions of service as currently provided. Information provided with the Application indicates that BCM One will continue to have the financial, managerial, and technical resources to provide telecommunications services in Virginia following the completion of the proposed Transfer. In support of the Application, the Applicants provided the current financial statements for BCM One and Holdings.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the above-described Transfer should be approved. The Commission also finds that the Applicants' Motion is no longer necessary and, therefore, should be denied.[4]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-88.1 and 56-90, the Applicants hereby are granted approval of the Transfer as described herein.

(2) The Applicants shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Transfer, which shall note the date the Transfer occurred.

(3) The Applicants' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(4) This case is dismissed.

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[1] Thompson Street Capital Partners V, L.P. ("Thompson Street"), the majority owner of Holdings, and Francis X. Ahearn and John P. Cunningham, the majority owners of BCM One, are also considered Applicants in this proceeding and have provided the statutorily required verifications.

[2] Code § 56-88 *et seq*.

[3] *See Application of McGraw Communications of Virginia, Inc., For amended and reissued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change,* Case No. PUC-2015-00005, Doc. Con. Cen. No. 150210282, Order Reissuing Certificates (Feb. 13, 2015).

[4] The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUR-2019-00007
FEBRUARY 28, 2019

APPLICATION OF
ECO-ENERGY NATURAL GAS, LLC

For a license to conduct business as a competitive service provider of natural gas

ORDER GRANTING LICENSE

On January 14, 2019, Eco-Energy Natural Gas, LLC ("Eco-Energy" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider of natural gas ("Application"). The Company seeks authority to provide competitive service for natural gas to eligible commercial, industrial, and governmental customers in the service territories of Virginia Natural Gas, Inc. ("VNG"), Washington Gas Light Company ("WGL"), Columbia Gas of Virginia, Inc. ("CGV"), and Roanoke Gas Company ("RGC").[1] Eco-Energy attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").[2]

On January 23, 2019, the Commission issued an Order for Notice and Comment ("Notice Order"), which, among other things, directed Eco-Energy to serve a copy of the Notice Order upon appropriate utilities, provided an opportunity for interested persons to file written comments on the Application, and directed the Commission's Staff ("Staff") to analyze the Application and present its findings in a report ("Staff Report").

On January 28, 2019, Eco-Energy filed proof of service. No comments were filed on the Application.

On February 15, 2019, Staff filed its Staff Report, which summarized Eco-Energy's Application and provided an evaluation of the Company's financial and technical fitness. Staff recommended that a license be granted to Eco-Energy to conduct business as a competitive service provider of natural gas in the service territories of VNG, WGL, CGV, and RGC.[3]

No response to the Staff Report was filed.

NOW THE COMMISSION, upon consideration of this matter, finds that Eco-Energy's Application for a license to conduct business as a competitive service provider of natural gas to eligible commercial, industrial, and governmental customers in the Virginia service territories of VNG, WGL, CGV, and RGC should be granted, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) Eco-Energy hereby is granted License No. G-53 to provide competitive natural gas service to commercial, industrial, and governmental customers in the Virginia service territories of VNG, WGL, CGV, and RGC. This license to act as a competitive service provider is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) Eco-Energy shall submit to the directors of the Commission's Division of Public Utility Regulation and Utility Accounting and Finance evidence of sufficient firm capacity necessary to serve each essential human needs natural gas customer, with such information to be submitted at least 30 days prior to the provision of natural gas to such customer.

(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 the license granted herein.

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[1] While Eco-Energy seeks Commission approval to serve customers throughout the service territories of VNG, WGL, CGV, and RGC, retail choice only exists in the service territories of WGL and CGV. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s.

[2] 20 VAC 5-312-10 *et seq*.

[3] Staff Report at 6-7.

CASE NO. PUR-2019-00009
MARCH 21, 2019

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 January 24, 2019, Virginia Natural Gas, Inc. ("VNG"), and AGL Services Company ("AGSC") (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of a revised services agreement ("Services Agreement") under Chapter 4 of Title 56 of the Code of Virginia ("Code").[1] VNG has received centralized corporate and administrative services ("Centralized Service(s)") from AGSC since 2000.[2] The current Agreement was approved initially in 2015, and has been revised four times since then.

The Applicants request three modifications to the most recent Services Agreement.[3] First, the Applicants seek authority for Alabama Power Company ("Alabama Power") to provide three initial Centralized Services (Internal Auditing, Executive, and Employee Services, or collectively "Initial Services") through AGSC to VNG. Second, the Applicants request authority for Alabama Power to provide up to 18 categories[4] of Centralized Services through AGSC to VNG upon 30-days written notice. Third, the Applicants seek approval for Northern Illinois Gas Company ("Nicor") to procure specialized paper products, or "batch tickets," from Alabama Power in order to facilitate Nicor's provision of remittance processing services through AGSC to VNG.

The Applicants request approval of the modifications for two reasons. First, an Alabama Power employee is being promoted to the role of executive vice president and chief administrative officer of Southern Company Gas. This person and his staff will remain Alabama Power employees while providing Initial Services through AGSC to VNG. Second, Nicor represents that it can obtain higher quality batch tickets at a lower price from Alabama Power to improve its provision of remittance processing through AGSC to VNG.

The Applicants represent that the proposed Services Agreement is in the public interest because it is substantially the same as the previously approved versions. The Applicants also represent that:

> VNG will continue to have the option to obtain [Centralized Services] through a consolidated and centralized source that has access to centralized staff functions, mutual assistance, and other services. This arrangement may achieve economies of scale and other business efficiencies by eliminating duplicative personnel and facilities across the larger Southern system of companies. To the extent there are savings from any economies of scale or other business efficiencies, those will directly benefit VNG and its customers.[5]

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, through Staff's action brief, and having considered the Applicants' comments thereon, is of the opinion and finds that the proposed Service Agreement is in the public interest and, therefore, is approved subject to the requirements listed in the Appendix attached to this Order.

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[1] Code § 56-76 *et seq*.

[2] See *Application of Virginia Natural Gas, Inc., and AGL 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). 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); 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). See *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*, Case No. PUE-2010-00070; 2010 S.C.C. Ann. Rept. 559, Order Granting Approval (Sept. 30, 2010). See *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of an amendment to a services agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2012-00111, 2012 S.C.C. Ann. Rept. 514, Order Granting Approval (Dec. 11, 2012). See *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of an amendment to services agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2015-00079, 2015 S.C.C. Ann. Rept. 363, Order Granting Approval (Oct. 9, 2015). See *Application of Virginia Natural Gas, Inc., and AGL Services Company, For approval of an amended and restated services agreement pursuant to the Affiliates Act, Va. Code § 56-76 et seq*., Case No. PUE-2016-00055, 2016 S.C.C. Ann. Rept. 414, Order Granting Approval (June 29, 2016). See *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*, Case No. PUE-2016-00121, 2017 S.C.C. Ann. Rept. 398, Order Granting Approval (Jan. 10, 2017). *See 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,* Case No. PUR-2017-00003, S.C.C. Ann. Rept. 435, Order Granting Approval (Mar. 1, 2017). *See 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,* Case No. PUR-2017-00093, S.C.C. Ann. Rept. 533, Order (Aug. 30, 2017).

[3] *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,* Case No. PUR-2017-00093, 2017 S.C.C. Ann. Rept. 533, Order (Aug. 30, 2017).

[4] The Applicants represent that AGSC provides only 17 categories of Centralized Services to VNG. However, the proposed Services Agreement includes an 18th category ("Emergency Services"), which is provided by five affiliates through AGSC to VNG.

[5] Application, Exhibit A (Transaction Summary-Affiliate Transactions), at 9.

Our approval includes this finding. Over the past seven years, the Applicants have revised the Services Agreement repeatedly to add new affiliates to provide Centralized Services through AGSC to VNG ("Service Affiliates").[6] Under the proposed Services Agreement, 9 Service Affiliates (2 service companies, 3 regulated gas utilities, 2 electric utilities, and 2 insurance companies) will have authority to provide 48 immediate categories of Centralized Services to VNG, with another 114 categories of Centralized Services available to be provided upon 30-days written notice to the Commission.[7] Furthermore, the Service Affiliates (excluding AGSC) do not charge VNG directly but use SCS as their billing agent to charge Centralized Services through AGSC to VNG.

We are concerned that the ever-expanding number of Service Affiliates providing Centralized Services to VNG is creating an auditing and cost verification problem in future rate proceedings. For example, if the Commission's Staff ("Staff") were to review executive compensation costs charged to VNG customers, it would have to review each Service Affiliates' executive compensation costs booked to AGSC's Account 923[8] in addition to AGSC's and VNG's direct booked costs. As a global example, if each Centralized Service category were limited to 5 cost pools (base pay, incentive pay, fringe benefits, office costs, and capital costs), Staff could potentially need to verify up to approximately 810 Service Affiliate cost pools (9 Service Affiliates times 18 categories of service times 5 types of costs per service) ***before*** auditing VNG's accounts in a future base rate proceeding.

To address this auditing and cost verification concern, we will adopt Staff's recommendations as modified by the Applicants' comments. Specifically, we will direct the Applicants to provide a formal acknowledgement that the Commission regulates recovery of the Service Affiliates' Centralized Service costs passed from SCS through AGSC to VNG, and therefore must be able to determine the amount of such costs that are includible in VNG's cost of service. We will also require that AGSC should obtain and maintain original cost records (invoices, etc.) of Service Affiliate transactions and provide VNG with a detailed annual report ("Report")[9] of each Service Affiliate's Centralized Service charges that pass from SCS through AGSC to VNG. The Report, which will be included with VNG's Annual Report of Affiliate Transactions ("ARAT"), should report the Service Affiliate charges by Service Affiliate, month, service category, FERC account, and amount as the costs are recorded in VNG's books and should be in Excel electronic media format, with formulas attached, so that Staff can tabulate and sort the data for analysis in future rate proceedings.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Services Agreement hereby is approved subject to the requirements listed in the Appendix attached hereto to this Order.

(2) This case is dismissed.

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[6] In Case No. PUE-2012-00111, the Commission approved six Regulated Affiliates (Nicor), Atlanta Gas Light Company ("AGLC"); Chattanooga Gas Company ("Chattanooga"); Elizabethtown Gas Company ("Elizabethtown"); Florida City Gas Company ("Florida City"); and Elkton Gas Company ("Elkton") to provide certain Centralized Services through AGSC to VNG (Elizabethtown, Florida City, and Elkton has since been sold). In Case No. PUE-2016-00055, the Commission approved Southern Company Services, Inc. ("SCS"), to provide all categories of Centralized Services through AGSC to VNG. In Case No. PUE-2016-00121, the Commission approved Georgia Power Company ("Georgia Power") to provide certain Centralized Services through AGSC to VNG. In Case No. PUE-2017-00093, the Commission approved Global Energy Resources Insurance Company ("GERIC") and DIST-CO Insurance Company ("DIST-CO") to provide certain Centralized Services through AGSC to VNG. In the instant Application, VNG and AGSC seek Commission approval for Alabama Power to provide certain Centralized Services through AGSC to VNG. AGSC, SCS, Nicor, AGLC, Chattanooga, Georgia Power, Alabama Power, GERIC, and DIST-CO are collectively referred to hereafter as the "Service Affiliates".

[7] *See* Applicants' Response to Staff Data Request No. 2-07.

[8] All Service Affiliate Centralized Services costs billed from SCS to AGSC are booked to one AGSC account (Account 923, Outside Services Employed), which is then allocated to VNG.

[9] We will accept the exemplar report included as Attachment 1 to the Applicants' comments as the template for the calendar year Report referenced herein.

APPENDIX

1) AGSC and VNG shall provide a formal acknowledgement that the Commission regulates recovery of the Service Affiliate Centralized Service costs passed from SCS through AGSC to VNG, and therefore must be able to determine the amount of such costs that are includible in VNG's cost of service.

2) AGSC shall obtain and maintain original cost records (invoices, etc.) of Service Affiliate transactions and provide VNG with a detailed annual Report of each Service Affiliate's Centralized Service charges that pass from SCS through AGSC to VNG. The Report, which shall be included with VNG's ARAT, shall report the Service Affiliate charges by Service Affiliate, month, service category, FERC account, and amount as the costs are recorded in VNG's books and shall be in Excel electronic media format, with formulas attached, so that Staff can tabulate and sort the data for analysis in future rate proceedings.

3) The Services Agreement approval shall extend from the effective date of this Order through October 9, 2020. Should the Applicants wish to extend the Services Agreement beyond that date, separate approval shall be required.

4) The Commission's approval in this case shall supplement its previous orders in Case Numbers PUE-2015-00079, PUE-2016-00055, PUE-2016-00121, PUR-2017-00003, and PUR-2017-00093.

5) The Commission's approval shall have no accounting or ratemaking implications.

6) The Commission's approval shall be limited to the specific Centralized Services identified in the Services Agreement. Should VNG wish to obtain additional services not specifically identified in the Services Agreement, separate approval shall be required.

7) Separate Commission approval shall be required for affiliated third parties (other than the Service Affiliates) to provide Centralized Services through AGSC to VNG.

8) VNG shall be required to maintain records demonstrating that the Centralized Services costs charged to VNG are cost beneficial to Virginia ratepayers. For all Centralized Services costs charged to VNG where a market may exist, VNG shall investigate whether comparable market prices are available and, if they exist, VNG shall compare the market price to cost and pay the lower of cost or market to AGSC. Records of such investigations and comparisons shall be available to Staff upon request. VNG shall bear the burden of proving, in any rate proceeding, that AGSC costs charged to VNG are priced at the lower of cost or market where a market for such services exists.

9) The approval granted in this case shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq*. hereafter.

10) Separate Commission approval shall be required for any changes in the terms and conditions of the Services Agreement.

11) The Commission shall reserve the right to examine the books and records of VNG and any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

12) VNG shall file an executed copy of the Services Agreement within thirty (30) days after the effective date of the order granting approval in this case, subject to administrative extension by the Commission's Utility Accounting and Finance Director ("UAF Director").

13) VNG shall include all transactions associated with the Services Agreement in its ARAT submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT shall include:

(a) The case number in which the Services Agreement was approved;

(b) The names of all direct and indirect affiliated parties to the Services Agreement; and

(c) A calendar year annual schedule showing the Services Agreement's transactions by month, FERC account, and amount as they are recorded on VNG's books.

CASE NO. PUR-2019-00011
JULY 16, 2019

PETITION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY

For approval of a SAVE Plan and Rider as provided by Chapter 26 of Title 56 of the Code of Virginia

ORDER

On January 25, 2019, Appalachian Natural Gas Distribution Company ("ANGD" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to § 56-603 *et seq*. of Chapter 26 of Title 56 of the Code of Virginia ("Code"), the Steps to Advance Virginia's Energy Plan (SAVE) Act, and 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure ("Rules of Practice").[1] The Company filed this request seeking approval to implement a Steps to Advance Virginia's Energy Plan (the "SAVE Plan" or "Plan") and an associated rider (the "SAVE Rider" or "Rider"), to recover the necessary costs associated with the implementation of the Plan. The Company's proposed SAVE Plan is designed to facilitate the replacement of approximately $2.7 million (net of retirements) of eligible natural gas infrastructure over a four-year period, with the SAVE Rider commencing August 1, 2019.[2] Per ANGD, the Plan and Rider will increase residential customers' bills by $2.07 per month,[3] with necessary expenditures to "enhance safety and reliability by reducing system integrity risks associated primarily with pre-1982 plastic pipe."[4] Specifically, ANGD will replace aging, pre-1982 plastic pipe as well as any bare steel pipe discovered during the process of executing the proposed Plan.[5]

On February 26, 2019, the Commission entered an Order for Notice and Comment in this proceeding, that among other things, docketed the application, required the Company to publish notice of the Application, provided an opportunity for interested persons to file comments or requests for hearing, and directed the Staff to investigate the Application and file a report ("Staff Report") containing its findings and recommendations. No comments or requests for hearing were filed.

On April 24, 2019, the Company filed its Motion to Accept Proof of Notice Out of Time and Proof of Notice ("Motion"). In support of its Motion, ANGD states the Company published notice and served the order as directed but failed to file the proof of notice by April 5, 2019.[6]

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[1] 5 VAC 5-20-10 *et seq.*

[2] *Application of Appalachian Natural Gas Distribution Company For approval of a SAVE Plan and Rider as provided for by Chapter 26 of Title 56 of the Code of Virginia*, PUR-2019-00011, Doc. Con. Cen. No. 190140216, at 1 (Jan. 25, 2019).

[3] Pre-filed Direct Testimony of John D. Jessee at 6 (attached to Application as one of two unnumbered exhibits).

[4] Application at 1.

[5] *Id.* at 4-6. The Company states that "unknown" bare steel has been identified as a threat in the Company's Distribution Integrity Management Plan.

[6] Motion at 2.

On April 30, 2019, Staff filed its Staff Report wherein it reported that the replacement projects identified by the Company appeared to meet the requirements of the SAVE Act[7] and made the following recommendations: (1) the first SAVE Reconciliation Rate should true-up the SAVE revenue requirement based on the capital structure approved in Case No. PUR-2018-00015;[8] (2) three of the Company's proposed projects, the Stadium-Leatherwood Lane to College Avenue Extension, the Tazwell-Fairview Bypass, and the North College-Walnut Avenue to North College Extension (collectively the "Extension Projects"), do not appear to be compliant with the SAVE Act and should be excluded from the SAVE Plan; (3) the Company should file its Reconciliation and Current Rates in the same proceeding with the following schedule:

Current Rates (Years 1-4) and Reconciliation Rates (Years 3-6)				
	Filing	**Rate Year Begins**	**Rate Year Ends**	**Dates Reconciled**
Year 1		8/1/2019	7/31/2020	
Year 2	5/1/2020	8/1/2020	7/31/2021	
Year 3	5/1/2021	8/1/2021	7/31/2022	August 1, 2019 – December 31, 2020
Year 4	5/1/2022	8/1/2022	7/31/2023	January 2021 – December 2021
Year 5	5/1/2023	8/1/2023	7/31/2024	January 2022 – December 2022
Year 6	5/1/2024	8/1/2024	7/31/2025	January 2023 – July 2023

(4) the revenue requirement for the initial SAVE Rider is $48,047; (5) the Company should, in addition to tracking the SAVE investment during the construction stage, also maintain the ability to track SAVE investment costs even after they are placed into service; (6) ANGD should show the SAVE Rider as a separate line item on the customer bill; and (7) should the Commission approve a revenue requirement that differs from the Company's required revenue requirement, Staff recommends that the corresponding SAVE Rider charges be adjusted proportionately.[9]

On May 10, 2019, ANGD filed the Reply Comments of Appalachian Natural Gas Distribution Company ("Reply"). In its Reply, the Company disagreed with Staff's recommendation to exclude the Extension Projects from the SAVE Plan.[10] The Company agreed to the Staff's proposed replacement of the current capital structure and cost of capital with the capital structure and cost of capital that will be approved in Case No. PUR-2018-00015 for Year 1 of the SAVE Plan.[11]

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that ANGD's Application: (1) is denied as filed; and (2) is approved as set forth, subject to the requirements in this Order. We hereby adopt the recommendations made by Staff in its Staff Report.

Code of Virginia

Section 56-603 of the Code includes the following definitions:

> "Eligible infrastructure replacement" means natural gas utility facility replacement projects that: (i) enhance safety or reliability by reducing system integrity risks associated with customer outages, corrosion, equipment failures, material failures, or natural forces; (ii) do not increase revenues by directly connecting the infrastructure replacement to new customers; (iii) reduce or have the potential to reduce greenhouse gas emissions; (iv) are commenced on or after January 1, 2010; and (v) are not included in the natural gas utility's rate base in its most recent rate case using the cost of service methodology set forth in § 56-235.2, or the natural gas utility's rate base included in the rate base schedules filed with a performance-based regulation plan authorized by § 56-235.6, if the plan did not include the rate base.
>
> "Natural gas utility facility replacement project" means the replacement of storage, peak shaving, transmission or distribution facilities used in the delivery of natural gas, or supplemental or substitute forms of gas sources by a natural gas utility.

The SAVE Act states that the Commission "may approve such a plan," and, if denied, the Commission "shall set forth with specificity the reasons for such denial."[12] Accordingly, the Commission sets forth as follows:

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[7] Staff Case Report at 6.

[8] *See Application of Appalachian Natural Gas Distribution Company, For a General Increase in Rates,* Case. No. PUR-2018-00015, Doc. Con. Cen. No. 190420277, Pre-filed Testimony of Phillip M. Gereaux at 3-8 (Apr. 23, 2019).

[9] Staff Report at 18-19.

[10] Reply at 2-4.

[11] Reply at 4-5. The Company agrees to use the updated figures in its May 1, 2020 SAVE filing and in the May 1, 2021 reconciliation. *Id.* at 5.

[12] Section 56-604 B of the Code.

The Commission finds that the Extension Projects are not appropriate for inclusion as part of the Company's SAVE Plan. The Extension Projects are not replacing existing facilities with new facilities in the same location and therefore are not "replacement" projects.[13] The Extension Projects would entail the installation of six-inch laterals for purposes of improving availability of supply and the reliability of the system in the Bluefield area.[14] The existing facilities for which the Extension Projects will provide redundancy will remain in service.[15]

We emphasize that by denying SAVE Plan treatment for the Extension Projects, we address only the method of recovery of prudently incurred costs of these and other projects which fall outside of the SAVE Act. ANGD should pursue those projects that it determines are necessary for compliance with the Commission's Pipeline Safety Standards[16] and for sound and safe operation of its facilities. ANGD retains all other options outside of SAVE Rider recovery to seek recovery of any such costs that may be prudently incurred.

The Commission approves the remaining portions of the Company's Application as delineated *supra*.

Accordingly, IT IS ORDERED THAT:

(1) The Application, as filed, is denied.

(2) The Application is approved as set forth herein and subject to the requirements in this Order.

(3) ANGD shall forthwith, file with the Commission's Division of Public Utility Regulation and Utility Accounting and Finance: revised tariffs and terms and conditions of service in accordance with this Order, revised tariffs and terms and conditions of service for the SAVE Rider and all workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order.

(4) The Company's Motion to Accept Proof of Notice Out of Time is hereby granted.

(5) This matter hereby is dismissed.

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[13] *See* Staff Report at 9-10. We note that this is consistent with previous Commission decision. *See Application of Washington Gas Light Company, For authority to amend its SAVE Plan pursuant to § 56-604 B of the Code of Virginia*, Case No. PUE-2015-00017, 2015 S.C.C. Ann. Rept. 282, Order (June 5, 2015).

[14] Staff Report at 9.

[15] Reply at 3.

[16] 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 ("Pipeline Safety Standards") in Virginia. *Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program*, Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989). The Commission is authorized to enforce the Pipeline Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

CASE NO. PUR-2019-00016
JULY 22, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval to modify experimental companion tariff, designated Schedule RF, pursuant to § 56-234 B of the Code of Virginia

ORDER APPROVING TARIFF

On February 1, 2019, pursuant to § 56-234 B of the Code of Virginia ("Code") and 5 VAC 5-20-80 of the State Corporation Commission's ("Commission") Rules of Practice and Procedure,[1] Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed with the Commission an application ("Application") for approval of modifications to the Company's experimental and voluntary companion tariff, designated Schedule RF, Environmental Attributes Purchase From Renewable Energy Facilities (Experimental) ("Schedule RF"), which was approved by the Commission in Case No. PUR-2017-00137, and available to certain eligible existing and new commercial and industrial customers.[2]

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[1] 5 VAC 5-20-10 *et seq.*

[2] *Application of Virginia Electric and Power Company, For approval to establish experimental companion tariff, designated Schedule RF, pursuant to § 56-234 B of the Code of Virginia*, Case No. PUR-2017-00137, Doc. Con. Cen. No. 180340069, Order Approving Tariff (Mar. 26, 2018) ("2018 Schedule RF Order").

The Application states that under Schedule RF, participating customers execute a Renewable Facilities Agreement ("RFA") with the Company setting forth the general terms and conditions of each such customer's commitment to enhance the cost-effectiveness of one or more renewable generation facilities to be constructed and operated by the Company as system resources.[3] The RFA requires the customer and the Company to execute a confirmation providing for the pricing and certain other terms and conditions of the customer's commitment in exchange for the transfer of environmental attributes, including the renewable energy certificates associated with one or more specific new renewable generation facilities.[4] Schedule RF also provides that the Company shall be the exclusive provider of electric service for participating customer accounts.[5]

The Company states that the proposed modifications will make Schedule RF available to additional customers. The Company proposes three modifications to the existing Schedule RF language. First, the Company proposes to make Schedule RF available as a companion tariff to all customers who are concurrently subscribed to any of the Company's nonresidential tariffs.[6] The Company states that currently, customers who are subscribed to one of the Company's market-based nonresidential rate schedules are not eligible to participate in Schedule RF.[7] Second, the Company proposes to eliminate the requirement that any customer wishing to apply for service under Schedule RF must be adding new load in the Company's Virginia service territory of at least 30,000,000 kilowatt-hours annually.[8] As modified, participating customers would be required instead to commit to purchasing at least 2,000 environmental attributes annually.[9] Finally, the Company proposes to include a provision in Schedule RF to permit a customer to assign or otherwise delegate the Schedule RF commitment to an affiliate, subsidiary, or tenant, subject to reasonable requirements and upon the Company's written approval.[10] The Company states this modification will enable affiliates, subsidiaries, or tenants of the Company's customers who consume electricity supplied by the Company, but are not themselves customers, to also support the cost-effectiveness of renewable generation facilities by purchasing environmental attributes from new renewable facilities at a fixed price.[11]

On February 8, 2019, the Commission issued an Order for Notice and Hearing that, among other things: docketed the Application, required Dominion to publish notice of its Application, gave interested persons the opportunity to comment on or participate in the proceeding, and scheduled a public hearing. The Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), and the Board of Supervisors of Culpeper County, Virginia ("Culpeper County"), filed notices of participation in this proceeding.

On May 23, 2019, the Staff of the Commission ("Staff") filed the testimony of its witnesses in this proceeding. On June 4, 2019, the Company filed its rebuttal testimony.

The Commission convened a public hearing on June 18, 2019, to receive public witness testimony and evidence on the Company's Application from Staff, respondents, and the Company.[12] At the conclusion of the hearing, the Commission heard the closing arguments of the participants.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that proposed modifications to Schedule RF should be approved, subject to certain requirements described further below.

As noted, the Commission initially approved Schedule RF pursuant to Code § 56-234 B on March 26, 2018, in Case No. PUR-2017-00137 for a period of five years.[13] In a separate proceeding, the Commission subsequently approved the Company's application for a certificate of public convenience and necessity and approval of a rate adjustment clause for two solar photovoltaic facilities that involved, among other things, a customer agreement under Schedule RF to purchase the associated environmental attributes.[14]

Dominion's three proposed modifications to Schedule RF were not opposed by any participant in this proceeding, subject to certain requirements recommended by Staff. First, Staff recommends that approval in this case be explicitly limited to the proposed changes in the tariff language.[15] As we stated in approving Schedule RF:

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[3] Ex. 2 (Application) at 4.

[4] *Id.* at 3, 4-5.

[5] *Id.* at 5.

[6] *Id.* at 6.

[7] *Id.*

[8] *Id.*

[9] *Id.* at 7.

[10] *Id.* at 7-8.

[11] *Id.* at 7.

[12] No public witnesses appeared at the hearing. Tr. 5-6. Culpeper County did not participate at the hearing. Tr. 5.

[13] 2018 Schedule RF Order at 7.

[14] *Petition of Virginia Electric and Power Company, For approval and certification of the proposed US-3 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-3, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2018-00101, Doc. Con. Cen. No. 190140132, Order Granting Certificates at 11-12 (Jan. 24, 2019).

[15] The Company, Consumer Counsel and Staff agreed to this recommendation. *See, e.g.*, Ex. 5 (Stevens) at 19; Tr. 10, 20, 23.

> [O]ur approval herein does not represent a presumption or preapproval of any subsequent proposals related to Schedule RF. It does not, for example, imply approval of any negotiated price of environmental attributes, any certificate of public convenience and necessity, or any associated rate adjustment clause. Commission approval of specific proposals related to Schedule RF will be addressed in separate proceedings and will be determined based on the specific facts and applicable law attendant thereto.[16]

Second, Staff recommends that Schedule RF permit customers to purchase the environmental attributes obtained by the Company through third-party power purchase agreements ("PPAs") in addition to Company-build resources.[17] In support of this recommendation, Staff states that PPAs could provide a lower cost option for securing renewable energy.[18] While Dominion prefers to limit Schedule RF to the purchase of environmental attributes associated with Company-owned facilities, the Company does not oppose the recommendation to include PPAs if such PPAs and associated environmental attributes would count towards the 25% target set forth in Code § 56.1-585.1:4 D, which provides in part:[19]

> Twenty-five percent of the solar generation capacity placed in service on or after July 1, 2018, located in the Commonwealth, and found to be in the public interest pursuant to subsection A or B shall be from the purchase by a public utility of energy, capacity, and environmental attributes from solar facilities owned by persons other than a public utility.

We find that, in addition to offering environmental attributes derived from Company-build facilities, Dominion shall include the option to purchase environmental attributes associated with PPAs in Schedule RF. We further find that inclusion in Schedule RF does not disqualify a PPA from counting towards the 25% target quoted above.

Third, Staff recommends that Dominion establish a nondiscriminatory process in Schedule RF that provides notice to potential participants that environmental attributes are available for purchase and that optimizes the value of the environmental attributes to the general body of ratepayers. At the hearing, Dominion submitted additional tariff modifications setting forth specific additional changes to Schedule RF to address these Staff concerns.[20] In particular, the Company agreed to modify Schedule RF to address the enrollment process. The modified language requires Dominion to notify all eligible customers of a forthcoming enrollment period through a message on monthly bills, along with a link to a Schedule RF-related webpage with additional information, and to permit applications to be submitted during an enrollment period of not less than 60 days.[21] Schedule RF would also include language stating the Company will evaluate all applications to participate in Schedule RF in a nondiscriminatory manner.[22] Further in this regard, Dominion agreed to maintain appropriate documentation concerning its participant selection process and to make such documentation available to Staff upon request and in future cost recovery proceedings as appropriate.[23] Staff stated that these modifications largely addressed its concerns.[24]

We find these additional proposed modifications to Schedule RF to be reasonable and adopt them. We further require that, as agreed, Dominion shall maintain appropriate documentation concerning its participant selection process and make such documentation available to Staff upon request and in future proceedings as appropriate.

Finally, Staff suggested the Commission consider requiring the Company to develop a methodology to ensure that non-participants are held harmless with respect to participation in Schedule RF.[25] Staff explains, "if the value of the RECs is not prudently maximized from these contracts, this could have implications for future [certificate] proceedings and cost recovery associated with any accompanying proposed generating facilities."[26]

A key condition of our approval of Schedule RF is that non-participating customers are held harmless under all circumstances. Thus, for example, should Dominion suffer a loss from non-payment by a third-party or a customer participating in Schedule RF, those losses should not be socialized across all customers. We direct that procedures be developed and put in place to ensure that non-participating customers are held harmless under all circumstances. We will not require the Company to develop a specific methodology for inclusion in Schedule RF herein, however, as we previously explained in approving this tariff, "Schedule RF should be implemented in a manner that holds non-participating customers harmless . . . [However], that determination is not before the Commission in this proceeding and will be dependent on the specific proposals related to Schedule RF that will be addressed in separate proceedings."[27]

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[16] 2018 Schedule RF Order at 6 (internal footnote omitted).

[17] *See, e.g.,* Ex. 5 (Stevens) at 17.

[18] *Id.* at 18. Consumer Counsel agreed with Staff's rationale that Schedule RF include environmental attributes associated with PPAs. Tr. 21.

[19] Ex. 6 (Trexler direct) at 2-3; Tr. 16.

[20] Ex. 4; *See, e.g.,* Tr. 30-31.

[21] Ex. 4.

[22] Ex. 4; Tr. 30-31.

[23] Tr. 38.

[24] Tr. 37-38.

[25] Ex. 5 (Stevens) at 19.

[26] *Id.* at 12.

[27] 2018 Schedule RF Order at 6-7.

Accordingly, IT IS ORDERED THAT:

(1) The proposed modifications to Schedule RF (Experimental) are approved on the date of this Order, as set forth herein.

(2) Dominion shall forthwith file Schedule RF, as approved herein, with the Clerk of the Commission and the Commission's Division of Public Utility Regulation and Utility Accounting and Finance. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) Dominion shall maintain appropriate documentation concerning its participant selection process and make such documentation available to Staff upon request and in future proceedings as appropriate.

(4) The provisions of the Commission's Order Approving Tariff, issued March 26, 2018, in Case No. PUR-2017-00137 remain in full force and effect.

(5) This case is dismissed.

CASE NO. PUR-2019-00017
MARCH 22, 2019

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE and CENTRAL VIRGINIA SERVICES, INC.

For approval pursuant to Chapter 3 and 4 of the Virginia Code

FINAL ORDER

On February 1, 2019, Central Virginia Electric Cooperative ("CVEC" or "Cooperative") and Central Virginia Services, Inc. ("CVSI") (collectively, "Applicants"), filed a joint application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 3 and Chapter 4 of Title 56 of the Code of Virginia ("Code"),[1] requesting approval: (1) to provide a guarantee to CoBank in support of a line of credit to be extended by CoBank to CVSI, and (2) for additional authority to provide a guarantee related to the lease of trucks by CVSI from CoBank ("Truck Lease Guarantee") (collectively, the "Guarantees").

On February 22, 2019, the Commission issued an Extension Order pursuant to Code § 56-61 to extend the 25-day review period applicable to the Application an additional 30 days, through March 28, 2019.

CVSI is in the process of becoming a member of CoBank and is currently applying for a $1 million line of credit with CoBank. CoBank has indicated it is willing to extend credit to CVSI, but has requested a guarantee from CVEC. The Applicants state that CVSI will use the line of credit as necessary to assist with cash flow needs. No costs are anticipated to be incurred by CVEC.

CVSI is permitted to lease vehicles from CoBank because CVEC is a member of CoBank, and CVSI is a wholly owned subsidiary of CVEC. As a requirement for its leasing arrangement with CVSI, CoBank requires that CVEC guarantee CVSI's obligations under the Truck Lease Guarantee. CVEC filed a financing summary with the Commission on September 12, 2018, in Case No. PUR-2018-00152 for a truck lease guarantee of more limited scope. Under that filing, CVEC requested approval for the guarantee for only the first four vehicles to be leased under the master agreement. The Commission approved that filing on December 3, 2018. In this case, CVEC is seeking Commission approval of CVEC's guarantee for the entire lease line, which is for an amount up to $1 million. The guarantee will be on the same terms and conditions previously reviewed and approved by the Commission.[2]

Any potential obligations that may be incurred under the Guarantees would have a minimal financial impact on CVEC. The Guarantees will not be detrimental to the Cooperative, and the Applicants represent that no costs are anticipated to be incurred by CVEC.

NOW THE COMMISSION, upon review of the Application and having been advised by its Staff, is of the opinion and finds that the Guarantees appear to be in the public interest and therefore, are approved subject to the requirements listed in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Chapters 3 and 4 of the Code, the Applicants are hereby granted approval of the Guarantees as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is hereby dismissed.

APPENDIX A

1. Separate Commission approval shall be required for any changes in the terms and conditions of the Guarantees.

2. The Commission's approval shall have no accounting or ratemaking implications.

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[1] Code § 56-55 *et seq.* ("Chapter 3") and Code § 56-76 *et seq.* ("Chapter 4").

[2] *See Application of Central Virginia Electric Cooperative and Central Virginia Services, Inc., For approval pursuant to Chapter 3 and Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUR-2018-00152, Doc. Con. Cen. No. 181210022, Final Order (Dec. 3, 2018).

3. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of Code § 56-76 *et seq.* hereafter.

4. The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission. Each page of any information provided by Applicants to be considered confidential shall be marked, and all pages so marked shall be submitted in a sealed envelope marked confidential.

5. The Cooperative shall file with the Commission a signed and executed copy of the Guarantees within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's UAF Director.

6. This matter shall remain under the continued review, audit, and authority of the Commission.

CASE NO. PUR-2019-00019
APRIL 22, 2019

JOINT PETITION OF
OLYMPUS HOLDINGS II, LLC, and AP VIII OLYMPUS VOTECO, LLC

For approval of the transfer of indirect control of West Telecom Services, LLC, and West Safety Communications of Virginia Inc., pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On March 19, 2019, Olympus Holdings II, LLC, and AP VIII Olympus VoteCo, LLC ("VoteCo") (collectively, "Petitioners"),[1] completed the filing of a Joint Petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[2] requesting approval of the transfer of indirect control of West and West's wholly owned subsidiaries, including West Telecom Services, LLC ("West Telecom"), and West Safety Communications of Virginia Inc. ("West Safety-VA") (collectively, "West CLECs"), ("Transfer").

West Telecom is authorized to provide local exchange telecommunications services in Virginia.[3] West Safety-VA is authorized to provide local exchange and interexchange telecommunications services in Virginia.[4] According to the Petition, current shareholders of VoteCo, the indirect parent company of the West CLECs, plan a restructuring whereby controlling interest in VoteCo, and thereby the West CLECs, will be transferred from Mr. Harris to Mr. Nord and Mr. Kalsow-Ramos.

The Petitioners assert that the proposed Transfer will occur at the parent company level and will not involve any change in assignment of operating authority, assets, or customers, nor any immediate changes to the rates, terms, or conditions of service as currently provided. Information provided with the Petition indicates that the West CLECs will continue to have the financial, managerial, and technical resources to provide telecommunications services in Virginia following the completion of the proposed Transfer.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the above-described Transfer should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-88.1 and 56-90, the Petitioners hereby are granted approval of the Transfer as described herein.

(2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Transfer, which shall note the date the Transfer occurred.

(3) This case is dismissed.

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[1] West Corporation ("West"), Joshua J. Harris, Mathew H. Nord, and Robert J. Kalsow-Ramos are also considered Petitioners in this proceeding and have provided the statutorily required verifications.

[2] Code § 56-88 *et seq*.

[3] *See Application of Hypercube Telecom, LLC*, *For an amended and reissued certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change,* Case No. PUC-2015-00051, 2015 S.C.C. Ann. Rept. 176, Order Reissuing Certificate (Nov. 5, 2015).

[4] *See Application of Intrado Communications of Virginia Inc., For amended and reissued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change*, Case No. PUC-2016-00012, 2016 S.C.C. Ann. Rept. 168, Order Reissuing Certificates (Mar. 4, 2016).

CASE NO. PUR-2019-00020
FEBRUARY 28, 2019

APPLICATION OF
SUNESYS OF VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CANCELLING CERTIFICATE

On February 4, 2019, Sunesys of Virginia, Inc. ("Sunesys" or "Company"), filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of its certificate of public convenience and necessity ("Certificate No. T-587") to provide local exchange telecommunications services in the Commonwealth of Virginia issued by the Commission in Case No. PUC-2002-00017.[1] Sunesys also requested that the Commission release the performance/surety bond on file with the Commission and permit the Company to cancel the bond.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Certificate No. T-587 should be cancelled, and any tariffs on file associated with Certificate No. T-587 also should be cancelled. Further, we find that Sunesys should be released from the obligation to maintain a bond on file with the Commission, and accordingly, that the bond may be cancelled by the Company.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed as Case No. PUR-2019-00020.

(2) Certificate No. T-587, issued to Sunesys to provide local exchange telecommunications services are hereby cancelled.

(3) Any tariffs on file with the Commission associated with Certificate No. T-587 are hereby cancelled.

(4) The bond associated with Certificate No. T-587 is hereby released.

(5) This case is dismissed.

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[1] *Application of Sunesys of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services,* Case No. PUC-2002-00017, 2002 S.C.C. Ann. Rept. 289, Final Order (June 10, 2002).

CASE NO. PUR-2019-00021
MARCH 7, 2019

APPLICATION OF
INSITE FIBER OF VIRGINIA LLC

For cancellation of a certificate of public convenience and necessity to provide interexchange telecommunications services

ORDER CANCELLING CERTIFICATE

On February 4, 2019, InSITE Fiber of Virginia LLC ("InSITE" or "Company") filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of its certificate of public convenience and necessity ("Certificate No. TT-203B") to provide interexchange telecommunications services in the Commonwealth of Virginia issued by the Commission in Case No. PUC-2014-00035.[1] InSITE also requested that the Commission release the performance/surety bond on file with the Commission and permit the Company to cancel the bond.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Certificate No. TT-203B should be cancelled, and any tariffs on file associated with Certificate No. TT-203B also should be cancelled. However, as InSITE has no bond on file with the Commission, we find that InSITE's request for release of a bond associated with Certificate No. TT-203B is moot, and, therefore, should be denied.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed as Case No. PUR-2019-00021.

(2) Certificate No. TT-203B, issued to InSITE to provide interexchange telecommunications services, is hereby cancelled.

(3) Any tariffs on file with the Commission associated with Certificate No. TT-203B are hereby cancelled.

(4) InSITE's request for release of a bond associated with Certificate No. TT-203B is moot, and, therefore, is denied.

(5) This case is dismissed.

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[1] *Application of InSite Fiber of Virginia LLC, For an amended and reissued certificate of public convenience and necessity to provide interexchange telecommunications services to reflect a company name change,* Case No. PUC-2014-00035, 2014 S.C.C. Ann. Rept. 232, Order Reissuing Certificate (Aug. 6, 2014). InSITE was formerly known as InSITE Fiber of Virginia, Inc.

CASE NO. PUR-2019-00022
MARCH 7, 2019

APPLICATION OF
24/7 MID-ATLANTIC NETWORK OF VIRGINIA, LLC

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER CANCELLING CERTIFICATES

On February 4, 2019, 24/7 Mid-Atlantic Network of Virginia, LLC ("Mid-Atlantic" or "Company") filed a letter application with the State Corporation Commission ("Commission"), requesting cancellation of its certificates of public convenience and necessity to provide local exchange ("Certificate No. T-721") and interexchange ("Certificate No. TT-270A") telecommunications services in the Commonwealth of Virginia issued by the Commission in Case No. PUC-2012-00030.[1] Mid-Atlantic also requested that the Commission release the performance/surety bond on file with the Commission and permit the Company to cancel the bond.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Certificate Nos. T-721 and TT-270A should be cancelled, and any tariffs on file associated with the certificates should be cancelled. Further, we find that Mid-Atlantic should be released from the obligation to maintain a bond on file with the Commission, and accordingly, that the bond may be cancelled by the Company.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed as Case No. PUR-2019-00022.

(2) Certificate No. T-721, issued to Mid-Atlantic to provide local exchange telecommunications services, is hereby cancelled.

(3) Certificate No. TT-270A, issued to Mid-Atlantic to provide interexchange telecommunications services, is hereby cancelled.

(4) Any tariffs on file with the Commission associated with the foregoing certificates are hereby cancelled.

(5) The bond associated with the foregoing certificates is hereby released.

(6) This case is dismissed.

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[1] *Application of 24/7 Mid-Atlantic Network of Virginia, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services,* Case No. PUC-2012-00030, 2012 S.C.C. Ann. Rept. 195, Final Order (Oct. 4, 2012).

CASE NO. PUR-2019-00023
MARCH 11, 2019

APPLICATION OF
CROWN CASTLE NG ATLANTIC LLC

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER CANCELLING CERTIFICATES

On February 4, 2019, Crown Castle NG Atlantic LLC ("Crown Castle" or "Company") filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of its certificates of public convenience and necessity to provide local exchange ("Certificate No. T-627b") and interexchange ("Certificate No. TT-204C") telecommunications services in the Commonwealth of Virginia issued by the Commission in Case No. PUC-2014-00036.[1] Crown Castle also requested that the Commission release the performance/surety bond on file with the Commission and permit the Company to cancel the bond. However, a review of the Commission's records reveals that Crown Castle has a letter of credit on file with the Commission and not a performance or surety bond.[2]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Certificate Nos. T-627b and TT-204C should be cancelled, and any tariffs on file associated with Certificate Nos. T-627b and TT-204C also should be cancelled. Further, we find that Crown Castle should be released from the obligation to maintain a letter of credit on file with the Commission and, accordingly, that the letter of credit may be cancelled by the Company.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed as Case No. PUR-2019-00023.

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[1] *Application of Crown Castle NG Atlantic LLC f/k/a Crown Castle NG Atlantic Inc., For amended and reissued certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services to reflect a company name change,* Case No. PUC-2014-00036, 2014 S.C.C. Ann. Rept. 232, Order Reissuing Certificates (Oct. 22, 2014).

[2] *See id.*

(2) Certificate No. T-627b, issued to Crown Castle to provide local exchange telecommunications services, is hereby cancelled.

(3) Certificate No. TT-6204C, issued to Crown Castle to provide interexchange telecommunications services, is hereby cancelled.

(4) Any tariffs on file with the Commission associated with the foregoing certificates are hereby cancelled.

(5) The letter of credit associated with the foregoing certificates is hereby released.

(6) This case is dismissed.

CASE NO. PUR-2019-00024
MARCH 11, 2019

APPLICATION OF
NEWPATH NETWORKS, LLC

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER CANCELLING CERTIFICATES

On February 4, 2019, NewPath Networks, LLC ("NewPath" or "Company") filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of its certificates of public convenience and necessity to provide local exchange ("Certificate No. T-701") and interexchange ("Certificate No. TT-255A") telecommunications services in the Commonwealth of Virginia issued by the Commission in Case No. PUC-2010-00031.[1] NewPath also requested that the Commission release the performance/surety bond on file with the Commission and permit the Company to cancel the bond.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Certificate Nos. T-701 and TT-255A should be cancelled, and any tariffs on file associated with the certificates should be cancelled. Further, we find that NewPath should be released from the obligation to maintain a bond on file with the Commission, and accordingly, that the bond may be cancelled by the Company.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed as Case No. PUR-2019-00024.

(2) Certificate No. T-701, issued to NewPath to provide local exchange telecommunications services, is hereby cancelled.

(3) Certificate No. TT-255A, issued to NewPath to provide interexchange telecommunications services, is hereby cancelled.

(4) Any tariffs on file with the Commission associated with the foregoing certificates are hereby cancelled.

(5) The bond associated with the foregoing certificates is hereby released.

(6) This case is dismissed.

[1] *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, 2010 S.C.C. Ann. Rept. 254, Final Order (Oct. 12, 2010).

CASE NO. PUR-2019-00026
APRIL 4, 2019

APPLICATION OF
TOLL ROAD INVESTORS PARTNERSHIP II, L.P.

For an increase in tolls pursuant to § 56-542 I of the Code of Virginia

FINAL ORDER

On February 5, 2019, Toll Road Investors Partnership II, L.P. ("TRIP II" or "Company"), the operator of the Dulles Greenway, filed an application ("Application") with the State Corporation Commission ("Commission") for an increase in tolls pursuant to § 56-542 I of the Code of Virginia ("Code"). TRIP II's Application proposes a 2.91% increase in tolls.

On February 7, 2019, the Commission entered an Order for Notice, which docketed the Application; required TRIP II to provide public notification of its Application; permitted the filing of comments on the Application; and directed the Commission Staff ("Staff") to investigate the Application and to file a report containing its findings and recommendations.

On March 5, 2019, TRIP II filed its proof of notice and publication.

On March 14, 2019, Staff filed its report ("Staff Report"). The Commission also received a timely-filed public comment opposing the proposed toll increase.

On March 19, 2019, TRIP II filed a Motion to Extend Deadline and for Expedited Consideration ("Motion"), requesting additional time to file the Company's response to the Staff Report. The Commission granted the Company's Motion on March 19, 2019.

On March 25, 2019, TRIP II filed a Response to the Staff Report ("Response").

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Section 56-542 I of the Code states in part (emphases added):

> Effective January 1, 2013, through January 1, 2020, and notwithstanding any other provision of law:
>
> 1. Upon application of and public notification by the operator, filed not more often than once within any 12-month period, the Commission *shall approve* to become effective within 45 days any request to increase tolls by a percentage that (i) is equal to the increase in the [Consumer Price Index], as defined in subsection A, from the date the Commission last approved a toll increase, plus one percent, (ii) is equal to the increase in the real [Gross Domestic Product], as defined in subsection A, from the date the Commission last approved a toll increase, or (iii) 2.8 percent, whichever is greatest, which increase in the tolls approved by the Commission is hereafter referred to as the "annual percentage increase."

The plain language of the above statute directs the Commission to approve a toll increase that complies with the requirements therein.

In this regard, the Commission finds that the toll increase proposed in the Application is consistent with prior Commission orders approving toll increases under the above statute and complies therewith. Thus, pursuant to the requirements of Code § 56-542 I, the Commission approves an increase in base tolls of 2.91% as requested in the Application.[1] The discounted tolls shall be calculated as set forth in TRIP II's proposed tariff that accompanied the Application. Additionally, TRIP II shall file forthwith a revised tariff consistent with the findings in this Final Order.

Accordingly, IT IS SO ORDERED, and this matter is dismissed.

[1] The Commission rejects TRIP II's request, included in its Response, to approve a 3.54% increase in tolls.

CASE NO. PUR-2019-00027
JULY 1, 2019

APPLICATION OF
NGA 911, L.L.C.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On March 26, 2019, NGA 911, L.L.C. ("NGA" or "Company"), completed the filing of an application with the State Corporation Commission ("Commission") for certificates ("Certificates") of public convenience and necessity to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia ("Application"). 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 ("Code"). Included in the Application is NGA's notice to the Commission of the Company's election to be regulated as a competitive telephone company pursuant to Code § 56.54.2 *et seq*. NGA also filed a Motion for a Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.[1]

On March 29, 2019, the Commission issued an Order for Notice and Comment ("Scheduling Order") that, among other things, directed NGA to provide notice to the public of its Application, and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). On April 26, 2019, NGA filed proof of service in accordance with the Scheduling Order. On May 8, 2019, NGA filed its proof of publication of notice to the public.

On June 13, 2019, Staff filed its Staff Report concluding that the Company's Application is in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("Local Rules"), 20 VAC 5-417-10 *et seq*., and the Rules Governing the Certification of Interexchange Carriers ("Interexchange Rules"), 20 VAC 5-411-10 *et seq*. Based upon its review of the Company's Application, Staff determined that it would be appropriate to grant Certificates to NGA subject to the following condition: NGA should notify the Division of Public Utility Regulation no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. Staff recommended that this requirement be maintained until the Commission determines it is no longer necessary. NGA did not file a response to the Staff Report.

[1] 5 VAC 5-20-10 *et seq*.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that it should grant Certificates to NGA. Having considered Code § 56-481.1, the Commission finds that NGA may price its interexchange services competitively. The Commission finds that pursuant to Code § 56-54.2, NGA is eligible to elect to be regulated as a competitive telephone company and that such election, pursuant to Code § 56-54.3, becomes effective on the date of this Final Order. Finally, the Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.[2]

Accordingly, IT IS ORDERED THAT:

(1) NGA is hereby granted Certificate No. T-765 to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, Code § 56-265.4:4, and the provisions of this Final Order.

(2) NGA is hereby granted Certificate No. TT-305A to provide interexchange telecommunications services subject to the provisions of the Interexchange Rules, Code § 56-265.4:4, and the provisions of this Final Order.

(3) Pursuant to Code § 56-481.1, NGA may price its interexchange telecommunications services competitively.

(4) NGA shall be regulated as a competitive telephone company pursuant to the provisions of Code § 56-54.2 *et seq*.

(5) Prior to providing telecommunications services pursuant to the Certificates granted by this Final Order, the Company shall provide tariffs to the Division of Public Utility Regulation that conform to all applicable Commission rules and regulations. If NGA elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Local Rule 20 VAC 5-417-50 A.

(6) NGA shall notify the Division of Public Utility Regulation no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(7) The Company's Motion is denied; however, the Commission directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(8) This case is dismissed.

[2] The Commission has not received a request to review the information that the Company designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUR-2019-00028
MARCH 13, 2019

PETITION OF
APPALACHIAN POWER COMPANY, *et al.*

For approval pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On February 13, 2019, Appalachian Power Company ("APCo" or "Company"), AEP Transmission Holding Company, LLC, and Grid Assurance LLC ("Grid Assurance") (collectively, "Petitioners"), filed a Petition with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),[1] requesting approval of an amended and restated subscription agreement ("Subscription Agreement") whereby Grid Assurance, an APCo affiliate, will provide emergency equipment supply services[2] to APCo for purposes of enhancing grid resiliency. The Petitioners also filed a Motion for Protective Ruling ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*.

On October 4, 2018, in Case No. PUR-2018-00109, the Petitioners received Commission approval of a previous version of the Subscription Agreement ("Prior Agreement"),[3] subject to certain requirements, which, *inter alia*, required the Petitioners to seek separate Commission approval for any changes in the terms and conditions of the Prior Agreement.[4] The Petitioners state that the proposed Subscription Agreement is substantially similar to the Prior Agreement, except that it includes various administrative and/or clarifying changes, as well as certain changes designed to reduce risk and costs for subscribers, such as APCo, and their customers. These limited changes are outlined in Confidential Attachment E to the Petition, which contains a red-lined copy of the proposed Subscription Agreement. The Petitioners represent that, other than the proposed limited revisions to the Prior Agreement, the Subscription Agreement is identical to the Prior Agreement approved in Case No. PUR-2018-00109.

[1] Code § 56-76 *et seq.*

[2] Collectively, these services are referred to as "Sparing Services." *See* Petition at 7.

[3] *Application of Appalachian Power Company, et al., For approval pursuant to the Act Governing Regulation of Relations with Affiliated Interests, Virginia Code Sections 56-76 et seq.,* Case No. PUR-2018-00109, Doc. Con. Cen. No. 181010213, Order Granting Approval (Oct. 4, 2018).

[4] *Id.* at Appendix, Requirement (6).

The Commission Staff ("Staff") investigated the Petition and prepared an Action Brief dated March 8, 2019. Therein, the Staff recommended approval of the Subscription Agreement, subject to certain requirements set out in an Appendix to the Action Brief. The Staff also noted that they had shared a draft of the Action Brief with the Petitioners, and the Petitioners had no objection to the Staff's recommendation or requirements.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the Subscription Agreement is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto. The Commission also finds that the Petitioners' Motion is no longer necessary and, therefore, should be denied.[5]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Petitioners are hereby granted approval of the Subscription Agreement as described herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) The Petitioners' Motion for Protective Order is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(3) This case is dismissed.

APPENDIX

(1) The Commission's approval of the Subscription Agreement shall be limited to five (5) years, commencing as of the date Grid Assurance commences its services. Should APCo wish to continue under the Subscription Agreement beyond that date, separate Commission approval shall be required.

(2) Once Grid Assurance commences offering services, the Company shall file with the Commission a Report of Action informing the Commission of the commencement date.

(3) Once Grid Assurance secures its warehouses, the Company shall file with the Commission a Report of Action detailing the geographical location of the warehouse.

(4) The Commission's approval shall have no accounting or ratemaking implications.

(5) The Commission's approval shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq*., hereafter.

(6) Separate Commission approval shall be required for any changes in the terms and conditions of the Subscription Agreement.

(7) The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

(8) APCo shall file with the Commission a signed and executed copy of the Subscription Agreement approved in this case within ninety (90) days after the effective date of the Subscription Agreement, with such filing date subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(9) APCo shall include all transactions associated with the Subscription Agreement in its Annual Report of Affiliate Transactions ("ARAT"), submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT shall include:

(a) The Case Number in which the Subscription Agreement was approved;
(b) The names of all direct and indirect affiliated parties to the Subscription Agreement;
(c) A calendar year annual schedule showing Sparing Service payments by month, FERC account, and amount (as they are recorded on APCo's books); and
(d) A copy of Grid Assurance's annual report submitted to FERC related to the Subscription Agreement.

(10) The Commission's approval granted in this case shall supplement the approval granted in Case No. PUR-2018-00109.

[5] The Commission held the Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUR-2019-00029
JUNE 20, 2019

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 15, 2019, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to § 56-249.6 of the Code of Virginia ("Code"), its application, written testimony, and exhibits proposing to increase its levelized fuel factor by $0.00403 per kilowatt-hour ("kWh"), from $0.02240 per kWh to $0.02643 per kWh, effective for service rendered on and after April 1, 2019 ("Application").[1] According to KU/ODP, the proposed fuel factor represents an increase of $4.03 per month for a customer using 1,000 kWh per month.[2]

On March 1, 2019, the Commission issued an Order Establishing 2019-2020 Fuel Factor Proceeding that, among other things: (1) assigned a Hearing Examiner to conduct all further proceedings; (2) scheduled a hearing on the Company's Application; (3) required KU/ODP to provide public notice of its Application; and (4) directed the Company to place its proposed fuel factor into effect on an interim basis for service rendered on and after April 1, 2019. On March 13, 2019, a Hearing Examiner's Ruling Scheduling Local Hearing was issued, which in part, scheduled a local public hearing for May 23, 2019, in Norton, Virginia, to receive testimony from public witnesses.

On May 15, 2019, the Staff of the Commission ("Staff") filed testimony concluding that the Company's projected Virginia jurisdictional fuel expenses and sales for the forecast period were reasonable.[3] After the Company provided an updated recovery balance, the Staff recommended an adjustment to change the correction factor and recommended that the Commission approve a new total levelized fuel factor of $0.02623 per kWh,[4] instead of the $0.02643 per kWh initially proposed by KU/ODP and put into effect on an interim basis for service rendered on and after April 1, 2019.[5]

On May 17, 2019, KU/ODP filed a letter advising that it would not file rebuttal testimony in this proceeding and requesting that the Hearing Examiner issue a report accepting the recommendations in Staff's prefiled testimony. The Company also requested that the Commission issue an order on or before June 28, 2019, approving the revised fuel factor recommended by Staff effective for service rendered on and after July 1, 2019.

On May 23, 2019, a local public hearing was held in Norton, Virginia, in which four witnesses provided testimony on the Company's Application. On June 12, 2019, the Hearing Examiner convened the public hearing in Richmond, Virginia, and admitted the Company's Application, testimony, and exhibits and the Staff's testimony into the record. No public witnesses appeared to testify at this hearing.

On June 13, 2019, the Report of A. Ann Berkebile, Senior Hearing Examiner ("Report") was issued. After summarizing the prefiled and public witness testimony in this proceeding, the Hearing Examiner found Staff's proposed levelized fuel factor to be reasonable and consistent with the requirements of Code § 56-249.6 A 1 and the Commission's standards for fuel cost projections set forth in 20 VAC 5-300-100.[6] Accordingly, the Hearing Examiner recommended that the Commission approve for KU/ODP a levelized fuel factor of $0.02623 per kWh to be effective for service rendered on and after the earliest practical date.[7] In her Report, the Hearing Examiner provided an opportunity for the parties to file comments on the Report.[8]

On June 14, 2019, the Staff filed its response to the Hearing Examiner's Report asking that the Commission adopt the findings and recommendations contained therein. On June 17, 2019, KU/ODP filed comments offering a clarification to a witness summary in the Hearing Examiner's Report and asking that the Commission adopt the findings and recommendations contained therein. The Company also requested entry of an order by June 28, 2019, approving the revised proposed fuel factor for service rendered on and after July 1, 2019.

NOW THE COMMISSION, upon consideration of the record herein and the applicable law, is of the opinion and finds that the findings and recommendations in the Hearing Examiner's Report should be adopted. Accordingly, we find that setting the Company's fuel factor at $0.02623 per kWh is reasonable and appropriate. We find that this rate should be approved and effective for service rendered on and after July 1, 2019, pending further order of the Commission.

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[1] Ex. 1 (Application) at 1, 5.

[2] *Id.* at 5.

[3] Ex. 7 (Jenkins Direct) at 14.

[4] *Id.*

[5] *Id.* at 2.

[6] Report at 7.

[7] *Id.* at 8.

[8] *Id.*

Our approval of the fuel factor, however, should not be construed as approval of KU/ODP's actual fuel expenses. No finding in this Order Establishing Fuel Factor is final, as this matter is continued pending the Staff's audit of actual fuel expenses and the Commission's entry of a final order addressing the Company's fuel recovery position. Should the Commission find that (1) any component of KU/ODP's actual fuel expenses or credits has been included or excluded inappropriately, or (2) KU/ODP has failed to make every reasonable effort to minimize costs or has made decisions resulting in unreasonable fuel costs, the Company's recovery position will be adjusted. This adjustment will be reflected in the recovery position at the time of KU/ODP's next fuel factor proceeding.

Accordingly, IT IS ORDERED THAT:

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

(2) The proposed revised fuel factor of $0.02623 per kWh is hereby approved and shall be effective for service rendered on and after July 1, 2019.

(3) This case is continued.

CASE NO. PUR-2019-00033
MAY 9, 2019

APPLICATION OF
ATMOS ENERGY CORPORATION and ATMOS ENERGY HOLDINGS, INC.
ATMOS ENERGY LOUISIANA INDUSTRIAL GAS, LLC TRANS LOUISIANA GAS PIPELINE, INC.

For approval to enter into financing arrangements under Chapter 4 of Title 56 of the Code of Virginia

ORDER

On February 19, 2019, Atmos Energy Corporation ("Atmos" or "Company") and Atmos Energy Holdings, Inc. ("AEH") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 4[1] of Title 56 of the Code of Virginia ("Code") requesting authority to lend and borrow short-term funds to and from AEH. Specifically, the Application requests authority for Atmos to loan AEH up to $50 million and for AEH to loan Atmos up to $200 million at any one time during 2019 through a short-term debt credit facility ("Affiliate Facility").

The current Application arises from Case No. PUR-2018-00179[2] in which the Commission granted Atmos authority to incur short-term debt but granted only interim authority for Atmos to borrow from and lend to AEH, citing a number of deficiencies in the application. The Commission directed the companies to refile a new Affiliates Act application to demonstrate a specific need for the Affiliate Facility and ordered Atmos, among other things, to include any direct or indirect Affiliate Facility participants in the instant Application. Information on two indirect affiliates (*i.e.*, subsidiaries of AEH) - Atmos Energy Louisiana Industrial Gas, LLC ("AELIG") and Trans Louisiana Gas Pipeline, Inc. ("TLGP") - are included in the Application. In addition, there are 11 other AEH subsidiaries that are not included in the Application.

The Company included information on AELIG and TLGP in the Application, because AEH currently plans to use any funds it borrows from Atmos under the Affiliate Facility to support the operations of these two subsidiaries.[3] In addition to these two subsidiaries, the Application also states that the short-term funds provided by Atmos to AEH "can be generated for lending or repayment of those loans by *all* of AEH's subsidiaries, which includes, *but is not limited to*, TLGP and AELIG."[4]

In response to the Application, the following documents also have been submitted for the Commission's consideration: Commission Staff's ("Staff") Action Brief; Applicants' Comments; Staff's Response; and Applicants' Reply.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that, subject to the requirements set forth in this Order and the Appendix attached hereto, the Affiliate Facility is in the public interest and should be approved.

The Applicants have the burden of proving that the specific purpose and use of the Affiliate Facility is in the public interest. Given the complicated financial arrangements presented by this Application, as well as by Atmos' unusual corporate structure compared to other Virginia utilities, it is worthwhile to begin by reviewing some first principles.

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[1] Code § 56-76 *et seq.* ("Affiliates Act").

[2] *Application of Atmos Energy Corporation and Atmos Energy Holdings, Inc, For authority to incur short-term debt and to lend and borrow short-term funds to and from its affiliates*, Case No. PUR-2018-00179, Doc. Con. Cen. No. 181230105, Order (December 21, 2018).

[3] *See, e.g.,* Application at 1.

[4] *Id*. at 4 (emphasis added).

Atmos is a local distribution company ("LDC") that operates with a certificate of public convenience and necessity to provide natural gas to retail customers in its franchised service territory in Virginia. As such it is a "public service company" under the criteria contained in the applicable Virginia statutes.[5] As a regulated public service company, it is not Atmos' primary purpose to serve as a financier to unregulated affiliates. Any time Atmos acts as a lender or borrower for an affiliate, such lending and borrowing must be done in a manner that is in the public interest.

Such financial activities may be in the public interest, and this Commission has previously approved similar financial arrangements, as Atmos points out.[6] It is appropriate in the context of this case, however, to restate the basic principle that whenever Atmos lends to an unregulated affiliate, this Commission properly seeks to ensure that such loan (a) is going to be repaid, and (b) is on terms that are *at a minimum* no worse than those available in the market.

Atmos argues herein that it wants the LDC – the regulated utility – to be allowed to loan to a subsidiary holding company (*i.e.*, AEH), which will then loan to two other unregulated affiliates that are identified and included in the Application. Staff does not object to this arrangement, but Atmos also argues that it should be given authority for AEH – an unregulated affiliate – to lend the money borrowed from its LDC to *additional* affiliates that are *unidentified* in the Application. Staff objects to extending the Commission's approval that far.

We agree with Staff's concern. This Commission has the legal authority to ensure that when Atmos acts as a lender to unregulated affiliates, there is sufficient assurance that Atmos will be repaid *and* that the lending is on terms fair to Atmos' customers. Without knowing either the identity of the borrower or the terms of the downstream lending of funds that originated with Atmos, the Commission finds that it cannot determine whether the Affiliate Facility is in the public interest for such purpose.[7]

Accordingly, the Atmos-AEH provisions of the Affiliate Facility are only approved for purposes of supporting the two specific AEH subsidiaries included in the instant Application. As ordered in the attached Appendix, separate Commission approval shall be required for the Affiliate Facility to be used for any direct or indirect financing provided to or received from any other Atmos affiliate.[8]

In sum, as recommended by Staff and subject to the requirements set forth in the attached Appendix, the Commission finds that: (1) the AEH-Atmos $200 million portion of the Affiliate Facility is in the public interest; and (2) the Atmos-AEH $50 million portion of the Affiliate Facility is in the public interest for Atmos, AEH, AELIG, and TLGP.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Affiliate Facility is authorized subject to the requirements set forth in this Order and the Appendix attached hereto.

(2) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

Commissioner Patricia L. West did not participate in this matter.

APPENDIX A

1) The Affiliate Facility is authorized for Atmos to borrow up to $200 million from AEH and for Atmos to loan AEH up to $50 million, which can be used to support the Atmos affiliates, AELIG and TLGP, specifically identified herein.

2) Separate Commission approval shall be required for any changes in the terms and conditions of the authorized Affiliate Facility, including any direct or indirect financing provided to or received from Atmos affiliates not specifically identified herein.

3) The authority granted in this case shall have no accounting or ratemaking implications.

4) The authority granted in this case shall not preclude the Commission from exercising its authority under Code § 56-76 *et seq*., hereafter.

5) The Commission reserves the right to examine the books and records of any affiliate, direct or indirect, in connection with the authority granted in this case, whether or not such affiliate is regulated by this Commission.

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[5] *See, e.g.,* Code §§ 56-1, -76.

[6] Application at 2. *See, e.g.*, *Application of Atmos Energy Corporation and Atmos Energy Holdings, Inc., For authority to incur short term debt and to lend and borrow short-term funds to and from its affiliates*, Case No. PUR-2017-00148, 2017 S.C.C. Ann. Rept. 575, Order Granting Authority (Nov. 21, 2017); *Application of Atmos Energy Corporation and Atmos Energy Holdings, Inc., For authority to incur short-term debt and to lend and borrow short-term funds to and from its affiliates*, Case No. PUE-2016-00130, 2016 S.C.C. Ann. Rept. 470, Order Granting Authority (Dec. 15, 2016); *Application of Atmos Energy Corporation and Atmos Energy Holdings, Inc., For authority to incur short term debt and to lend and borrow short-term funds to and from its affiliates*, Case No. PUE-2015-00116, 2015 S.C.C. Ann. Rept. 402, Order Granting Authority (Nov. 25, 2015).

[7] Nor do we accept Atmos' claim that using AEH to lend indirectly to unidentified AEH affiliates under the Affiliate Facility somehow insulates Atmos from the unregulated operations of such facilities. *See, e.g.,* Application at 4; Applicants' Comments at 16. Such an argument simply illustrates the unusual nature of Atmos' corporate structure, in which the holding company (*i.e.*, AEH) is not the *parent* of the regulated utility, but the *subsidiary,* which may be historical but certainly raises questions about the risks such an arrangement poses to the LDC.

[8] Atmos does not question the Commission's jurisdiction to consider the arrangements between AEH and its subsidiaries for purposes of evaluating, and imposing any limitations on, the specific Atmos-AEH arrangements in the Affiliate Facility. *See, e.g.,* Applicants' Reply to Staff at 5.

6) Within 30 days of the effective date of the order in this case, Applicants shall file an executed version of the Affiliate Facility authorized herein and submit to the Director of the Division of Utility Accounting and Finance a copy of the borrowing facility between AEH and AELIG and a copy of the borrowing facility between AEH and TLGP.

7) The Applicants shall file with the Commission quarterly reports of action ("Report(s)") on or before May 16, 2019, August 15, 2019, and November 15, 2019, reporting on all forms of credit support extended during the previous calendar quarter. In the November 15, 2019 Report, the Applicants shall also include a fiscal year balance sheet, income statement and cash flow statement for AEH, AELIG and TLGP. These Reports may be filed together with the reports of action in Case No. PUR-2018-00179.

8) The Applicants shall file with the Commission a final report of action on or before February 28, 2020, reporting on all forms of credit support extended during the previous calendar quarter. This Report may be filed together with the final report of action in Case No. PUR-2018-00179.

9) If the Applicants wish to obtain continuing Chapter 3 or 4 authority beyond December 31, 2019, they shall file an application for such authority by October 31, 2019.

CASE NO. PUR-2019-00034
APRIL 19, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY and SOUTH CAROLINA ELECTRIC & GAS COMPANY

For approval of a Services Agreement under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On February 25, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV") and South Carolina Electric & Gas Company ("SCE&G")[1] (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")[2] for approval of a services agreement ("Agreement") under which the Applicants will both provide and receive certain services in coordination with nuclear operations ("Services") on an as-needed basis.

The purpose of the proposed Agreement is to facilitate the integration of SCE&G's VC Summer Nuclear Station ("VC Summer") into a nuclear fleet governance and oversight model. The Applicants represent that DEV's two regulated nuclear plants (the North Anna Power Station and the Surrey Power Station) and VC Summer will be involved in the proposed Agreement.[3] DEV has similar service agreements in place with its merchant nuclear plant affiliates, Dominion Energy Nuclear Connecticut, Inc., and Dominion Energy Kewaunee, Inc.[4]

The Applicants represent that they plan to centralize corporate governance and oversight while integrating processes and systems to utilize the best of each company's practices and providing the most efficient use of resources. The Applicants expect to see specific benefits from:

(1) An enhanced ability to draw on experience and knowledge at other stations in the fleet by allowing discussions and decisions to occur within a framework of common processes and systems;

(2) The elimination of the need for specialized training as a prerequisite for resource sharing that is frequently required when different processes and systems exist. This reduction in specialized training makes the use of shared resources between stations both more efficient and effective when utilizing common processes and systems; and

(3) Enhanced station safety and reliability by permitting more effective oversight. Nuclear industry operating experience demonstrates that such enhancements are more likely (and more sustainable) when all of the individual stations of a nuclear fleet are operated in a consistent manner in accordance with standard processes and systems.[5]

Under the proposed Agreement, each Applicant will select from the list of Services identified in Attachment B, Exhibits I and II of the Agreement ("Services List"), a group of Services to provide to or receive from the other Applicant. The Services List identifies eight (8) categories of Services, which include: (1) accounting; (2) information technology; (3) nuclear operations; (4) executive and administrative; (5) business services;

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[1] On January 1, 2019, Dominion Energy, Inc., completed its acquisition of SCANA Corporation ("SCANA"), and SCANA's subsidiary SCE&G became an affiliate of DEV.

[2] Code § 56-76 *et seq*.

[3] See Applicants' Response to Staff Data Request No. 1-4(a), which is attached to Commission Staff's ("Staff") March 28, 2019 action brief filed in this case.

[4] See *Application of Virginia Electric and Power Company and Dominion Generation, Inc., Dominion Energy Kewaunee, Inc., Dominion Energy Nuclear Connecticut, Inc., Dominion Energy Technical Solutions, Inc., Dominion Energy Transmission, Inc., and Dominion Energy Fuel Services, Inc., For approval of Revised Affiliate Services Agreements and future exemptions from the filing and prior approval requirements under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2018-00162, Doc. Con. Cen. No. 181220185, Order Granting Approval (Dec. 19, 2018); and *Application of Virginia Electric and Power Company and Dominion Energy Kewaunee, Inc., Dominion Energy Nuclear Connecticut, Inc., Dominion Products and Services, Inc., Dominion Energy Technical Solutions, Inc., Dominion Energy Transmission, Inc., For approval of revised affiliate support services agreements and future exemptions pursuant to Va. Code § 56-76 et seq*., 2017 S.C.C. Ann. Rep. 557, Order Granting Approval (Nov. 20, 2017).

[5] See Applicants' Response to Staff Data Request No. 1-2(d), which is attached to Staff's March 28, 2019 action brief filed in this case.

(6) supply chain; (7) environmental compliance; and (8) office and administrative services. In the instant Application, DEV seeks approval to provide two Services (nuclear operations and environmental compliance) to SCE&G,[6] and to receive seven Services (accounting, information technology, operations, executive and administrative, business services, supply chain, and environmental compliance) from SCE&G. The Applicants can also select additional Services from the Services List by providing thirty (30) days written notice to the Commission.

The Agreement states that all Services will be provided by qualified individuals, including non-affiliated experts or consultants if necessary. The Applicants represent that all Services will be provided at cost as DEV and SCE&G are rate-regulated utilities. The Applicants estimate that DEV will charge SCE&G for Services provided approximately $500,000 in 2019 and $2.2 million in 2020, and DEV will pay SC&G for Services received approximately $600,000 in 2019 and $1 million in 2020. The Applicants propose that the Agreement's term should extend for two years from the effective date of the Commission's Order. The Agreement states that it will be governed by the laws of Virginia.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through Staff's action brief, is of the opinion and finds that the proposed Agreement is in the public interest and should be approved subject to the requirements listed in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Agreement hereby is approved subject to the requirements listed in the Appendix attached to this Order.

(2) This case is dismissed.

APPENDIX

1) The Commission's approval of the Agreement shall extend for two years from the effective date of this Order. Should the Applicants wish to extend the Agreement beyond that date, separate approval shall be required.

2) The Commission's approval shall have no accounting or ratemaking implications.

3) The Commission's approval is limited to the specific Services provided or received in coordination with nuclear operations, which are identified in the Services List to the Agreement. Should the Applicants wish to provide or receive additional Services not provided or received in coordination with nuclear operations as specifically identified in the Services List, separate approval shall be required.

4) Separate Commission approval shall be required for DEV to provide Services to or receive Services from affiliated third parties (other than SCE&G) under the Agreement.

5) DEV shall maintain records demonstrating that the Services provided to and received from SCE&G are at fully distributed cost and are cost beneficial to Virginia ratepayers.

6) The approval granted in this case shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq*. hereafter.

7) Separate Commission approval shall be required for any changes in the terms and conditions of the Agreement.

8) The Commission reserves the right to examine the books and records of DEV and any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

9) DEV shall file an executed copy of the Agreement within thirty (30) days after the effective date of the Order Granting Approval in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

10) DEV shall include all transactions associated with the Agreement in its Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT shall include:

(a) The case number in which the Agreement was approved;
(b) The names of all direct and indirect affiliated parties to the Agreement; and
(c) A calendar year annual schedule showing the Agreement's transactions by month, FERC account, and amount as they are recorded on DEV's books.

[6] The Applicants represent that Dominion Energy Services, Inc., will be providing five (5) Services (accounting, information technology, executive and administrative, business services, and supply chain) to SCE&G under a separate, standalone agreement. See Applicants' Response to Staff Data Request No. 2(c).

CASE NO. PUR-2019-00035
MARCH 11, 2019

APPLICATION OF
DSCI CORPORATION OF VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CANCELLING CERTIFICATE

On February 21, 2019, DSCI Corporation of Virginia, Inc. ("DSCI" or "Company"), filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of its certificate of public convenience and necessity ("Certificate No. T-683") to provide local exchange telecommunications services in the Commonwealth of Virginia issued by the Commission in Case No. PUC-2008-00068.[1] DSCI also requested that the Commission release the performance/surety bond on file with the Commission and permit the Company to cancel the bond.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Certificate No. T-683 should be cancelled, and any tariffs on file associated with Certificate No. T-683 also should be cancelled. Further, we find that DSCI should be released from the obligation to maintain a bond on file with the Commission, and accordingly, that the bond may be cancelled by the Company.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed as Case No. PUR-2019-00035.

(2) Certificate No. T-683, issued to DSCI to provide local exchange telecommunications services, is hereby cancelled.

(3) Any tariffs on file with the Commission associated with Certificate No. T-683 are hereby cancelled.

(4) The bond associated with Certificate No. T-683 is hereby released.

(5) This case is dismissed.

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[1] *Application of DSCI Corporation of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services,* Case No. PUC-2008-00068, 2009 S.C.C. Ann. Rept. 220, Final Order (Apr. 7, 2009).

CASE NO. PUR-2019-00037
JULY 3, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval to establish a rate schedule, designated Rate Schedule 24, pursuant to § 56-234 A of the Code of Virginia

ORDER APPROVING TARIFF

On February 27, 2019, Virginia Electric and Power Company ("Dominion" or "Company"), pursuant to § 56-234 A of the Code of Virginia and Rule 80 of the Rules of Practice and Procedure[1] of the State Corporation Commission of Virginia ("Commission"), filed with the Commission an application ("Application") to establish a new voluntary rate schedule, designated Rate Schedule 24, to offer outdoor lighting service utilizing light emitting diode ("LED") technology.

The Application states that existing Rate Schedule 27 provides only for high pressure sodium vapor ("HPS") outdoor lighting service and that in the roughly 26 years since Rate Schedule 27 was approved, this technology has become outdated and difficult to source as lighting manufacturers have largely switched to newer LED technology.[2] Due to sourcing problems associated with continued provision of HPS fixtures and the anticipated benefits of utilizing LED fixtures, the Company states it is filing for approval of a new outdoor lighting rate schedule for LED lighting.[3] The Company further states that this newer, more efficient technology will provide considerable cost and energy savings to virtually all outdoor lighting customers and carries other benefits as well.[4]

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[1] 5 VAC 5-20-10 *et seq.*

[2] Application at 4.

[3] *Id.*

[4] *Id.*

As proposed, Rate Schedule 24 will be available to the same customers as existing Rate Schedule 27, including residential customers, places of worship, civil organizations, and multi-family residential applications (such as condominiums, townhouses, apartments, homeowners' associations, residents' associations, and residential property developers).[5] Proposed Rate Schedule 24 will allow eligible customers to request the installation of new Company-owned LED outdoor lighting fixtures or the conversion of their existing HPS outdoor lighting to LED technology.[6]

The Company asserts that proposed Rate Schedule 24 contains the same structural components as existing Rate Schedule 27 in that each light fixture will continue to have a generation component as well as distribution services charges and a transmission component.[7] The Company states that proposed Rate Schedule 24 will offer a greater variety of fixture styles to customers.[8] As proposed, customers may choose to convert to LED lighting, in which case the Company will replace existing HPS luminaires with LED luminaires upon advance payment of a conversion charge.[9] In the event an existing HPS outdoor lighting fixture fails, proposed Rate Schedule 24 permits the Company to replace the fixture with a comparable LED fixture, and the conversion charge would not apply.[10]

Dominion also requests the Commission's approval to close existing Rate Schedule 27 to new installations upon final approval of new Rate Schedule 24.[11] In support of this request, the Company states that HPS fixtures are becoming increasingly difficult to acquire in a sufficient volume and at a reasonable cost.[12] For existing customers under Rate Schedule 27, they will continue to receive outdoor lighting service under Rate Schedule 27 as long as they have functioning HPS fixtures or until they wish to convert to LED services.[13] When existing Rate Schedule 27 customers request upgrades to LED or when their HPS fixtures fail, they will be transitioned to Rate Schedule 24.[14]

On March 14, 2019, the Commission issued an Order for Notice and Comment ("Procedural Order") that, among other things, docketed the Application; required the Company to provide public notice of its Application; afforded interested persons an opportunity to file comments on the Application or to participate in the case as a respondent by filing a notice of participation; allowed interested persons to request that a hearing be convened; and directed the Commission's Staff ("Staff") to investigate the Application and present its findings and recommendations in a report ("Staff Report"). Based on the information presented in the Company's Application, the Commission also permitted Dominion to implement voluntary Rate Schedule 24 on an interim basis, subject to refund, effective for usage on and after April 1, 2019.

On April 11, 2019, Culpeper County, Virginia, through its Board of Supervisors ("Culpeper County"), filed a notice of participation in this proceeding. Other than Culpeper County, no other party filed a notice of participation in this proceeding. The Commission likewise did not receive any comments or requests for hearing on the Company's Application.

On June 4, 2019, in accordance with the Commission's directive in its Procedural Order, the Staff analyzed the Company's Application and filed a Staff Report containing its findings. Staff noted that the Company has provided outdoor lighting service to customers for several decades.[15] Staff observed that, in recent years, more utilities are offering LED technology and replacing older HPS outdoor lighting services.[16] Based on calculations provided by the Company, Staff found that nearly all existing lighting customers would experience cost savings when switching to LED lighting fixtures.[17] Staff also reviewed the Company's methodology for calculating its proposed conversion charges and determined it to be reasonable.[18] After analyzing the Company's Application, its discovery responses, and its proposed program design, Staff concluded that proposed Rate Schedule 24 appears reasonable, and Staff recommended Commission approval.[19]

On June 14, 2019, Dominion filed a letter response to the Staff Report. The Company indicated that it agreed with Staff's findings and recommendations, and requested that the Commission approve the Application.

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[5] *Id*. at Appendix A.

[6] *Id.* at 4.

[7] *Id.* at 5.

[8] *Id.*

[9] *Id.*

[10] *Id.* at 6.

[11] *Id.* at 7.

[12] *Id.*

[13] *Id.*

[14] *Id.*

[15] Staff Report at 6.

[16] *Id.*

[17] *Id.*

[18] *Id.* at 4-5.

[19] *Id.* at 6.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows. The Commission finds interim Rate Schedule 24 is reasonable and should be allowed to become permanent. The Commission further finds that Rate Schedule 27 should be closed to new installations.

Accordingly, IT IS ORDERED THAT:

(1) Rate Schedule 24, which has been in effect on an interim basis since April 1, 2019, shall be made permanent and is approved as set forth herein, effective on the date of this order.

(2) Rate Schedule 27 is closed to new installations, effective on the date of this order.

(3) Dominion shall forthwith file Rate Schedules 24 and 27, as approved and modified by this order, with the Clerk of the Commission and the Commission's Division of Public Utility Regulation and Utility Accounting and Finance. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(4) This case is dismissed.

CASE NO. PUR-2019-00039
APRIL 18, 2019

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval of its 2019 annual update to Rate Schedule PT-1

ORDER GRANTNG MOTION AND REVISED ORDER FOR NOTICE AND COMMENT

On March 1, 2019, pursuant to Ordering Paragraphs (3) and (4) of the Final Order issued by the State Corporation Commission ("Commission") in Case No. PUR-2018-00038,[1] and in accordance with Rule 80 of the Commission's Rules of Practice and Procedure,[2] 5 VAC 5-20-80, Virginia Natural Gas ("VNG" or "Company") filed its application ("Application") for approval of its second annual adjustment to Rate Schedule PT-1 and requested that the adjusted PT-1 rate be approved effective June 1, 2019. On April 11, 2019, VNG, after consultation with Staff, filed a Motion for Leave to Amend its Application[3] (attached thereto, the Company also filed its Amended Application) and requesting, among other things, the Commission prescribe notice of such revised PT-1 rate consistent with its prior issued procedural order.[4]

In its Amended Application, the Company proposes a corrected PT-1 rate of $ $0.92695 per dekatherm ("Dth").[5] According to the Company, the primary drivers for the revised PT-1 rate occurred subsequent to the March 1, 2019 filing, when the Company discovered an error in the calculation of the projected operation and maintenance ("O&M") expense and two errors in the calculation of the O&M true-up which affected the overall PT-1 rate calculation.[6]

NOW THE COMMISSION, upon consideration of VNG's Motion to Amend and Amended Application, is of the opinion and finds that the Motion to Amend should be granted and the Amended Application should be docketed; the proposed update to Rate Schedule PT-1 should be suspended pursuant to § 56-238 of the Code of Virginia ("Code") to and through May 31, 2019; the interim effective date for this revised PT-1 rate, subject to refund, should be June 1, 2019, and the Company may thereafter implement the revised filed PT-1 rate of $0.92695 per Dth; and the Company should serve a copy of its Amended Application and this Revised Order for Notice and Comment on Doswell Limited Partnership, the City of Richmond, Columbia Gas of Virginia, Inc., and Virginia Electric and Power Company (collectively, "Customers"); any interested person or entity affected by the Company's Amended Application should have an opportunity to file comments or request a hearing on the Company's Amended Application; the Commission Staff ("Staff") should be afforded an opportunity to investigate the Amended Application and file with the Commission a report ("Report") or testimony, as appropriate, setting forth the Staff's findings and recommendations on VNG's Amended Application; and the Company should be given the opportunity to file a response or testimony, as appropriate, in rebuttal to the Staff Report or testimony or any comments or requests for hearing that may be filed herein.

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[1] *Application of Virginia Natural Gas For approval of its 2018 annual update to Rate Schedule PT-1*, Case No. PUR-2018-00038, Doc. Con. Cen. No. 180550033, Final Order (May 23, 2018). *See also*, *Application of Virginia Natural Gas, Inc., For authority to revise Rate Schedule PT-1, Pipeline Transportation Service,* Case No. PUE-2016-00076, 2017 S.C.C. Ann. Rep. 354, Final Order (May 3, 2017).

[2] 5 VAC 5-20-10 *et seq.* ("Rules of Practice").

[3] *Motion for Leave to Amend the Application of Virginia Natural Gas For approval of its 2019 annual update to Rate Schedule PT-1*, Case No. PUR-2019-00039, Doc. Con. Cen. No. 190420022 (Apr. 8, 2019) ("Motion to Amend").

[4] Motion at 3. *See also*, *Order for Notice and Comment*, Case No. PUR-2019-00039, Doc. Con. Cen. No. 190350039 (Mar. 25, 2019).

[5] Exhibit 1 (Amended Application) to *Motion for Leave to Amend the Application of Virginia Natural Gas For approval of its 2019 annual update to Rate Schedule PT-1*, Case No. PUR-2019-00039, Doc. Con. Cen. No. 190420022 (Apr. 8, 2019) at 2. *See also*, Motion at 2.

[6] *Id*. at 1.

Accordingly, IT IS ORDERED THAT:

(1) VNG's Motion to Amend its 2019 PT-1 Rate Application is hereby GRANTED and the Company's revised filing is hereby accepted for consideration under this docket.

(2) The proposed update to the Company's Rate Schedule PT-1 remains hereby suspended pursuant to § 56-238 of the Code to and through May 31, 2019.

(3) VNG's request for an interim effective date of June 1, 2019, for its revised $0.92695 per Dth PT-1 Rate is hereby GRANTED, subject to refund.

(4) On June 1, 2019, VNG may implement its revised PT-1 rate of $0.92695 per Dth, subject to refund.

(5) Unless specifically revised herein, all other aspects of the Commission's March 25, 2019 Order for Notice and Comment in the instant case shall remain in full force and effect for the duration of this matter.

(6) On or before April 24, 2019, VNG shall serve a copy of its Amended Application upon all Customers subject to or otherwise affected by this PT-1 rate.

(7) On or before April 24, 2019, VNG shall serve direct notice of this proceeding by providing a copy of this Revised Order for Notice and Comment upon all Customers subject to or otherwise affected by this PT-1 Rate.

(9) On or before May 10, 2019, VNG shall file proof of the service required by Ordering Paragraphs (4) and (5) with the Clerk of the Commission.

(10) On or before May 10, 2019, any interested person or entity may file written comments on VNG's Application 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 file comments electronically may do so on or before May 10, 2019, by following the instructions found on the Commission's website: http://www.scc.virginia.gov/case. All comments shall refer to Case No. PUR-2019-00039.

(11) On or before May 10, 2019, any interested person may participate as a respondent in this proceeding by filing a notice of participation in accordance with 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (7). Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUR-2019-00039.

(12) On or before May 10, 2019, any interested person or entity may request that the Commission convene a hearing on the Company's Amended Application by filing an original and fifteen (15) copies of a request for hearing with the Clerk of the Commission at the address set forth in Ordering Paragraph (7), or by filing a request for hearing electronically by following the instructions found on the Commission's website: http://www.scc.virginia.gov/case. Requests for hearing must include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. All such filings shall refer to Case No. PUR-2019-00039.

(13) A copy of any requests for hearing and notices of participation simultaneously shall be sent to counsel for the Company, Elaine S. Ryan, Esquire, and Anne Hampton Andrews, Esquire, McGuireWoods, LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219-3916.

(14) On or before May 12, 2019, the Staff may investigate and file a report or pre-filed testimony, as appropriate, on VNG's Amended Application with the Clerk of the Commission and shall send a copy of the same promptly to counsel for VNG and each respondent.

(15) On or before May 19, 2019, VNG may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (7) an original and fifteen (15) copies of any response or testimony the Company expects to introduce in rebuttal to any Staff Report or pre-filed testimony or any such response or rebuttal to any comments or requests for hearing by interested persons. VNG shall serve a copy of any such response or rebuttal testimony upon the Staff and each respondent on or before May 19, 2019.

(16) All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(17) The Company shall respond to written interrogatories or requests for the production of documents within five (5) business days after the receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically or by facsimile on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney if the interrogatory or request for production is directed to the Staff.[7] Except as so modified, discovery shall be in accordance with Part IV of the Commission's Rules of Practice.

(18) This matter is continued.

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[7] The assigned Staff attorney is identified on the Commission's website, http://www.scc.virginia.gov/case, by clicking "Docket Search" "Search Cases," and entering the case number, PUR-2019-00039, in the appropriate box.

CASE NO. PUR-2019-00039
MAY 29, 2019

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval of its 2018 annual update to Rate Schedule PT-1

FINAL ORDER

On March 1, 2019, pursuant to Ordering Paragraph (4) of the Final Order issued by the State Corporation Commission ("Commission") in Case No. PUR-2018-00038,[1] and in accordance with Rule 80 of the Commission's Rules of Practice and Procedure,[2] Virginia Natural Gas ("VNG" or "Company") filed its application for approval of its first annual adjustment to Rate Schedule PT-1 and requested that the adjusted PT-1 rate be approved effective June 1, 2019 ("Application").

VNG states that Section III. A of the Company's Rate Schedule PT-1 permits the Company to adjust the PT-1 rate annually to reflect any changes in the cost of service components going forward and to refund or recover any difference between actual and recovered operations and maintenance ("O&M") expense.[3] According to the Company, for each year the PT-1 rate is in effect, the Company will update the plant in service, accumulated depreciation, and projected O&M expenses, as well as property tax expense and federal and state tax rates.[4]

The Company will also update changes to its depreciation rates and rate of return to reflect the results in each base rate case while the PT-1 rate is in effect.[5] At the end of each 12-month period that the PT-1 rate is in effect, VNG will reconcile the difference between the actual O&M expenses and the amounts recovered through the PT-1 rate.[6] The Company will also include an adjustment to the subsequent year's PT-1 rate to recover or refund the difference in these O&M costs.[7]

In its Application, the Company proposes a revised PT-1 rate of $0.91597 per dekatherm ("Dth").[8] According to the Company, the primary drivers for the decrease in the PT-1 rate from $1.00450 per Dth to $0.91597 per Dth are (i) the projected level of total monthly fixed O&M costs, and (ii) the true-up of the under-recovered fixed O&M costs for the period January 1, 2018, through December 31, 2018.[9] The Company included an estimated level of total monthly fixed O&M costs of $95,964, as compared to an actual level of $73,134, resulting in an over-recovery of $22,830 per month.[10]

On March 25, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order")[11] that, among other things, docketed the case, suspended the proposed update to Rate Schedule PT-1 pursuant to § 56-238 of the Code of Virginia to and through June 1, 2019, or until further order of the Commission, whichever is earlier; required the Company to serve a copy of the Application and the Procedural Order on Doswell Limited Partnership, the City of Richmond, Columbia Gas of Virginia, Inc., and Virginia Electric and Power Company (collectively, "Customers"); provided any interested person or entity affected by the Company's Application an opportunity to file comments or request a hearing on the Company's Application; provided the Commission Staff ("Staff") an opportunity to investigate the Application and file with the Commission a report ("Report") or testimony, as appropriate, setting forth the Staff's findings and recommendations on VNG's Application; and permitted the Company to file a response or testimony ("Response"), as appropriate, in rebuttal to the Staff's Report or testimony or any comments or requests for hearing.

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[1] *Application of Virginia Natural Gas, Inc., For approval of its 2018 annual update to Rate Schedule PT-1,* PUR-2018-00038, Doc. Con. Cen. No. 18055033, Final Order (May 23, 2018).

[2] 5 VAC 5-20-10 *et seq.*

[3] *Application of Virginia Natural Gas, Inc., For approval of its 2019 annual update to Rate Schedule PT-1,* PUR-2019-00039, Doc. Con. Cen. No. 190310075, at 6.

[4] *Id.* at 6.

[5] *Application* at 6.

[6] *Id.*

[7] *Id.* at 7.

[8] *Id.*

[9] *Id.*

[10] *Id.*

[11] *Application of Virginia Natural Gas, Inc., For approval of its 2019 annual update to Rate Schedule PT-1,* PUR-2019-00039, Doc. Con. Cen. No. 190350039, Order for Notice and Comment (March 25, 2019).

On April 11, 2019, the Company filed a Motion for Leave to Amend Application ("Motion") along with an Amended Application ("Amended Application") attached thereto,[12] requesting that the Commission allow it to update the numbers provided in its original PT-1 filing. The Commission granted the Company's unopposed Motion on April 18, 2019.[13] In its Amended Application, the Company further revised its PT-1 rate of $0.91597 per Dth to $0.92695 per Dth,[14] with said updated PT-1 rate to go into effect June 1, 2019.[15] According to the Company, the further revised PT-1 rate was necessary to account for three (3) corrections to the March 1, 2019 filed PT-1 proposed, revised rate: (i) a formula correction to the O&M true-up to correctly reflect the difference between actual O&M expenses and the amounts recovered through the PT-1 rate; (ii) a formula correction to the O&M true-up to correctly reflect a component of the actual O&M for the PT-1 rate for the months of July through December 2018; and (iii) a data update to remove property tax from the 2019 projected O&M for the PT-1 rate.[16]

As explained by the Company:

> The primary driver for the decrease in the PT-1 rate from $1.00450 per Dth to $0.92695 per Dth is a decrease in the overall size of the true-up of the over-recovered O&M costs from the period January 1, 2017 through December 31, 2017 versus the period January 1, 2018 through December 31, 2018. The true-up for the 2017 calendar year period was $43,628 per month, whereas the true-up for the 2018 calendar year period in the proposed 2019 PT-1 rate is -$1,516 per month.[17]

No comments, requests for hearing or notices of participation were filed. On May 10, 2018, Staff filed its Staff Report ("Report") on the Application as amended. In its Report, Staff did not oppose the proposed rate, but noted that the Company's distribution ratepayers should be held harmless from any deficient returns produced by the PT-1 class in the future.[18] Staff recommended that the Commission approve the proposed rate; that the proposed rate be applied to all customers in the PT-1 Rate Class; and that in the future, property tax expense calculations utilize the same time-period for purposes of allocating property tax expense to the [joint use pipeline].[19] On May 14, 2019, the Company filed its Comments on the Report,[20] supporting Staff's conclusions and recommendations in the Report.[21]

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Application, as amended should be approved, including the amended, proposed rate, effective June 1, 2019; the amended, proposed rate shall apply to all customers in the PT-1 Rate Class; and all future property tax expense calculations shall utilize the same time-period for purposes of allocating property tax expense to the joint use pipeline.

Accordingly, IT IS ORDERED THAT:

(1) Company's Application, as amended, is approved.

(2) Within thirty (30) days of the date of this Order, the Company shall file a copy of the tariff, Rate Schedule PT-1, with the Commission. The Company shall simultaneously submit a copy of the tariff, Rate Schedule PT-1, to the Commission's Division of Public Utility Regulation.

(3) The tariff, Rate Schedule PT-1, shall apply to all customers in the PT-1 Rate Class.

(4) All future property tax expense calculations shall utilize the same time-period for purposes of allocating property tax expense to the joint use pipeline.

(5) The Company's distribution ratepayers shall be held harmless from any deficient returns produced by the PT-1 class.

(6) On or before March 1, 2020, the Company shall file with the Commission its annual adjustment to Rate Schedule PT-1.

(6) This case hereby is dismissed.

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[12] *Motion for Leave to Amend Application and Amended Application* ("Exhibit 1 to the Motion"), PUR-2019-00039, Doc. Con. Cen. No. 190420022 (April 11, 2019).

[13] *Motion for Leave to Amend Application and Amended Application*, PUR-2019-00039, Doc. Con. Cen. No. 190420173, Order Granting Motion and Revised Order for Notice and Comment (April 18, 2019).

[14] *Amended Application* at 1.

[15] *Id*. at 6.

[16] Amended Application at 8

[17] *Id.*

[18] *Application of Virginia Natural Gas, Inc., For approval of its 2019 annual update to Rate Schedule PT-1,* PUR-2019-00039, Doc. Con. Cen. No. 190520243, *Staff Report* at 5 (May 10, 2019).

[19] Staff Report at 5.

[20] *Application of Virginia Natural Gas, Inc., For approval of its 2019 annual update to Rate Schedule PT-1,* PUR-2019-00039, Doc. Con. Cen. No. 190520345, Comments of Virginia Natural Gas on the Staff Report (May 14, 2019).

[21] *Id*. at 2.

CASE NO. PUR-2019-00040
SEPTEMBER 27, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric facilities: Potomac Yards Undergrounding and Glebe GIS Conversion

FINAL ORDER

On March 7, 2019, Virginia Electric and Power Company ("Dominion" or "Company") filed an application and supporting documents, pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, § 56-265.1 *et seq*. of the Code, for approval and certification of electric facilities ("Application") with the State Corporation Commission ("Commission").

Dominion requested approval to convert the overhead portion of 230 kilovolt ("kV") Glebe-Ox Line #248 and 230 kV Glebe-North Alexandria Line #2023 between Glebe Substation (located in Arlington, Virginia), and Potomac Yards North Terminal Station ("Potomac Yards Station") (located in the City of Alexandria, Virginia) to underground lines and to tie the converted lines into Glebe Substation ("Potomac Yards Undergrounding").[1] Dominion also requested to convert and rebuild the Company's existing Glebe Substation to a Gas Insulated Substation ("Glebe GIS Conversion") (collectively, the work described above comprises the "Project").[2]

Dominion asserted the proposed Project is necessary to comply with the expiration of an existing Special Use Permit ("SUP") issued by the City of Alexandria ("City"). The SUP is expected to expire January 1, 2021.[3] According to Dominion, the proposed Project is necessary to permit the Company's remaining transmission facilities in the area to provide adequate service to the Company's existing customers located in the City and Arlington County ("County"), consistent with North American Electric Reliability Corporation Reliability Criteria ("NERC").[4] Dominion further asserted the proposed Project would improve operational performance, maintain critical energy infrastructure needed to provide continued reliable electric service to facilities depended upon to provide critical services, and to maximize available land use to accommodate necessary transmission terminations.[5]

The proposed Project would require new right-of-way across Four Mile Run, a local stream. Dominion explained no feasible alternatives have been submitted to PJM Interconnection, L.L.C. ("PJM"), specifically limited to this Project, which includes the Potomac Yards Undergrounding and Glebe GIS Conversion, because a key driver for the Project is the undergrounding requirement of the City's SUP.[6]

Dominion anticipates an in-service date of May 2022 for the proposed Project, subject to Commission approval and outage scheduling. Dominion estimates the conceptual cost of the proposed Project to be $122.8 million, including approximately $59.3 million for transmission-related work and approximately $63.5 million for substation-related work (2019 dollars).[7]

On March 25, 2019, the Commission entered an Order for Notice and Hearing ("Procedural Order") which, among other things, docketed the Application, established a procedural schedule, required public notice of the Application, scheduled an evidentiary hearing for July 23, 2019, and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

On April 24, 2019, the City, by counsel, filed its Notice of Participation. No other parties filed notices of participation in this proceeding.

As noted in the Procedural Order, the Staff of the Commission ("Staff") requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the Project by the appropriate agencies and to provide a report on the review. On May 1, 2019, DEQ filed with the Commission its report ("DEQ Report"), which included a Wetlands Impact Consultation prepared by DEQ.[8] The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Findings and Recommendations regarding the Project. Those recommendations included:

- Ensure the on-site wetland delineation is verified by the Army Corps of Engineers ("Corps"), and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Follow the Virginia Marine Resources Commission's ("VMRC") recommendation to coordinate instream activities with the Department of Game and Island Fisheries ("DGIF") and adhere to any time-of-year restriction;
- Follow DEQ's recommendations regarding erosion and sediment control and storm water management;

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[1] Ex.2 (Application) at 2, Appendix at 3-5.

[2] *Id*., Appendix at 3-6.

[3] *Id*., Appendix at 3-4.

[4] *Id*. at 2-3.

[5] *Id*. at 3.

[6] *Id*., Appendix 3-6.

[7] *Id*. at 3.

[8] Ex. 14 (DEQ Report).

- Follow DEQ's recommendations regarding air quality protections;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable;
- Coordinate with the Department of Conservation and Recreation's ("DCR") Division of Natural Heritage ("DNH") for updates to the Biotics Data System database if six months have passed before the project is implemented or if the scope of work changes, and coordinate with DCR DNH regarding its recommendation to minimize adverse impacts to the aquatic environment;
- Coordinate with DGIF regarding its recommendations to protect terrestrial and aquatic wildlife;
- Coordinate with the Department of Historic Resources ("DHR") regarding the recommended archaeological and architectural surveys and submit results of any surveys to DHR;
- Coordinate with the Virginia Department of Transportation's Northern Virginia District Office to obtain the as-built bridge plans for the Route 1 bridge;
- Coordinate with the Virginia Outdoors Foundation if the project area changes or the project does not start for 24 months;
- Follow the principles and practices of pollution prevention to the maximum extent practicable; and
- Limit use of pesticides and herbicides to the extent practicable.[9]

On June 4, 2019, the City, by counsel, filed the testimony of three witnesses in this proceeding.

On June 25, 2019, the Staff filed its testimony and an attached Staff Report summarizing the results of its investigation of Dominion's Application.

On July 9, 2019, Dominion filed rebuttal testimony.

On July 23, 2019, a hearing convened in which Dominion, the City and Staff introduced evidence into the record.

The Report of Michael D. Thomas, Hearing Examiner ("Report") was entered on August 13, 2019. In his Report, the Hearing Examiner found that:

(1) The Company established the need for the Project;

(2) The Project would make use of existing right-of-way to the maximum extent practicable and would need minimal additional right-of-way;

(3) The Company's proposal to construct the Project using microtunneling is reasonable;

(4) The Project would have a positive impact on economic development;

(5) The Project would have no material adverse impact on scenic assets and historic districts;

(6) There are no adverse environmental impacts that would prevent the construction of the Project;

(7) The Company's proposed modification to the language of the DCR recommendation is reasonable;

(8) The Company's responses to the concerns raised by the City regarding environmental impacts are reasonable;

(9) The recommendations in the DEQ Report, including the DCR recommendation that is proposed to be modified, are "desirable or necessary to minimize adverse environmental impact" associated with the Project;

(10) The Project does not represent a hazard to public health or safety; and

(11) There are no feasible alternatives to the Project.[10]

On August 20, 2019, Dominion filed comments to the Report ("Dominion's Comments"), stating that the Company agreed with the Report's recommendations. Additionally, however, Dominion's Comments stated that it wished to update the Commission regarding negotiations with the DCR's Division of Natural Heritage ("DCR DNH") that had occurred after the hearing in this matter. These negotiations were said to affect the Hearing Examiner's Findings and Recommendations #7 and #9 and were related to DCR DNH Project review.

On August 27, 2019, Dominion filed a Motion to Reopen the Record for the Limited Purpose of Receiving a Late-Filed Exhibit ("Motion to Reopen the Record" or "Motion"). The Motion stated, *inter alia*, that Dominion and DCR DNH had agreed upon language revising and clarifying the term "major modification" as it relates to the DCR DNH Project review. The revised language was submitted as a proposed late-filed Exhibit in the case. The Company stated in its Motion that it had been authorized to represent that neither the Staff nor the City is opposed to the granting of this Motion.

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[9] *Id.* at 6-7.

[10] Hearing Examiner's Report at 21.

The City also submitted Comments to the Report on August 20, 2019 ("City's Comments"), requesting that the Commission expeditiously enter an order that adopts the Report's Findings and Recommendations. The City's Comments noted that the Report's assessment of using horizontal directional drilling ("HDD"), or microtunneling, favors microtunneling, which the City supports. The City's Comments also referenced a June 25, 2019, letter filed by Dominion during the Hearing that addressed concerns raised in written comments filed in this case by Arlington County.[11] The City asserted that Dominion's Response (Ex. 19) should be included as a condition of the Commission's approval of the Project.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows:

Code of Virginia

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code of Virginia.

Code § 56-265.2 A provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Code § 56-46.1 A requires the Commission to consider environmental reports issued by other state agencies, local comprehensive plans, the impact on economic development, and improvements in reliability before approving construction of electrical utility facilities:

> Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted. . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, ..., and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Code § 56-46.1 B further provides:

> As a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned. . . . In making the determinations about need, corridor or route, and method of installation, the Commission shall verify the applicant's load flow modeling, contingency analyses, and reliability needs presented to justify the new line and its proposed method of installation.

As provided in Code § 56-46.1 D, the term "[e]nvironment" or "environmental" used in Code § 56-46.1 "shall be deemed to include in meaning 'historic,' as well as a consideration of the probable effects of the line on the health and safety of the persons in the area concerned."

The Code of Virginia also requires the Commission to consider existing right-of-way easements when siting transmission lines. Code § 56-46.1 C provides: "[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, Code § 56-259 C provides: "[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."

Public Convenience and Necessity.

The Commission has considered the entire record and finds that the proposed Project is needed. As found by the Hearing Examiner, the Project is needed, *inter alia,* to comply with the expiration of an existing SUP issued by the City; to improve operational performance; to maintain critical energy infrastructure; and to maximize available land use to accommodate necessary transmission terminations.

Existing Rights-of-Way

The Hearing Examiner found that the Project would make use of existing right-of-way to the maximum extent practicable and would need minimal additional right-of-way. The Commission agrees. As noted in the Report, the majority of the existing overhead right-of-way from Potomac Yards Station to the Glebe Substation cannot adequately serve the needs for the Potomac Yards Undergrounding. For the 1,100 feet of the route between new manhole #111 and the Glebe Substation, 880 feet require a new 40-foot right-of-way. For the 1,000 feet between new manhole #111 and manhole #110, 200 feet will be constructed within new right-of-way used for the launching pit for microtunneling.[12]

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[11] As noted in the City's Comments, Dominion's response to Arlington County's comments ("Dominion's Response") was included in the record as Exhibit 19 and discussed on pages 13 and 14 of the Report. The County's comments concerning the Project were submitted by its County Manager to the Commission. Dominion's Response to these comments stated that the Company would address the issues raised by the County as follows: (i) install fence screening to mitigate visual impacts to the Four Mile Run trail, (ii) minimize complete trail shutdowns to the bike path to those periods when trail users' safety could be compromised, (iii) coordinate with the County regarding compliance with the U.S. Army Four Mile Run Flood Control Project, (iv) seek community input regarding substation fence design, (v) perform outreach to the four civic associations mentioned and coordinate with the County's Department of Environmental Services as requested, (vi) follow the County's recommendations regarding Four Mile Run project impacts and compliance with Resource Protection Area regulations, (vii) follow the County's recommendations regarding the undergrounding of overhead transmission lines, and (viii) prepare and submit a fence height variance application package for the proposed 15-foot high security fence to the Arlington County Board of Zoning Appeals. Comments in support of the Project were also submitted by the Joint Task Force on Four Mile Run.

[12] Ex. 2, Appendix at 168.

For the Potomac Yards Undergrounding, the Company would require new easements for the majority of the route and relocation.[13] Clearing for the Project would be minimal. The majority of the route is under the Four Mile Run stream, or existing roadways, parking lots, sidewalks and paths that have previously been cleared. Upon completion of the Potomac Yards Undergrounding, the Company would restore the right-of-way.

Microtunneling v. Horizontal Directional Drilling

Both HDD and microtunneling allow for trenchless construction across the area. The estimated cost for microtunneling is $50.5 million, while the estimated cost for HDD is $34.4 million (a difference of $16.1 million).[14] The Hearing Examiner found that the Company's proposal to construct the Project using microtunneling was reasonable.[15] The Commission agrees. As noted in the Report, there is a greater likelihood of success using microtunneling and the construction time could be shortened by six months. Additionally, microtunneling would reduce the construction-related impact on the Potomac Yards Shopping Center.

Economic Development

The Commission finds that the Project will provide economic benefits to the Commonwealth by allowing continued operation of the electric transmission system that provides the backbone for economic activity in the Commonwealth. The recent announcement of the location of the Virginia Tech Innovation Campus and Amazon HQ2 in the area served by the Project is evidence of the impact on job creation. We agree with the Hearing Examiner's Finding that the Project would have a positive impact on economic development.

Scenic Assets and Historic Districts

The Commission finds the Project would have no material adverse impact on scenic assets and historic districts. As stated in the Report, with the area surrounding the Project being highly developed and commercial, and the construction being underground, the Company represents any impacts to land cover would be minimal. It appears there would be no visual impact on National Historic Landmark-listed architectural resources.

Environmental Impact

Pursuant to Code §§ 56-46.1 A and B, the Commission is required to consider the Project's impact on the environment and establish such conditions as may be desirable or necessary to minimize the adverse environmental impact. The statute further provides the Commission shall receive and consider all reports that relate to the Project by state agencies concerned with environmental protection.

The DEQ Report indicated there are no adverse environmental impacts that would prevent construction of the Project along the proposed route. However, the DEQ Report offered 12 general recommendations for Commission consideration, which are in addition to any requirements of federal, state, or local law.[16]

The Company agreed to the recommendations in the DEQ Report, except as noted below. In particular, the Company requested the language of the DCR recommendation be modified to require the Company to resubmit natural heritage information in the event that the scope of the project changes materially, or if twelve months have passed before it is utilized.[17]

The Company's Motion to Reopen the Record filed on August 27, 2019, seeks to further modify this DEQ recommendation. Specifically, the language proposed in this Motion would require the resubmission of project information to DCR-DNH: (i) during the final design stage of engineering; and (ii) upon any major modifications of the Project during construction (i.e., deviations, permanent or temporary, from the original study area and/or the relocation of a towers(s) into sensitive areas). The Motion further states that the DCR DNH and the Company have jointly agreed to this language. Further, the Company's Counsel states in the Motion that neither the Staff nor the City is opposed to the granting of such Motion.

Based on the DEQ Report, the Commission finds there are no adverse environmental impacts that would prevent the construction of the Project. The Commission finds that the Company's responses to the concerns raised by the City regarding environmental impacts are reasonable.[18] The Commission also finds that the recommendations in the DEQ Report, including the DCR recommendation as proposed to be modified by the Motion to Reopen the Record, are "desirable or necessary to minimize adverse environmental impact" associated with the Project.[19]

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[13] *Id.,* Appendix at 174.

[14] Ex. 13 (Staff Report) at 9-14.

[15] Hearing Examiner's Report at 16-17.

[16] Ex. 14 at 6-7.

[17] Ex. 18 at 5.

[18] As noted in the Hearing Examiner's Report on page 19, there are two open issues between the City and the Company. First, the City stated it would require the Company to submit a water quality impact assessment for any disturbance in the Resource Protection Area ("RPA"). The Company clarified that it falls under DEQ regulations with respect to RPA lands, not local regulations. Nevertheless, the Company stated it would coordinate with the City to develop a reasonable assessment that would address the City's concerns and ensure compliance with the Chesapeake Bay Act.[18] Second, the City stated it would require the Company to coordinate with the City regarding any permitting needed from VRMC or the Corps on City property. The Company plans to submit a Joint Permit Application to VMRC to obtain authorization from the VRMC and Corps for the Project, and would coordinate with the City through the permit process.[18]

[19] Code § 56-46.1 A.

Public Health and Safety

There is no evidence in the record that the Project represents a hazard to public health or safety.

Other Alternatives

As stated in the Report, PJM and the Company have identified a need for the Project based on the undergrounding of Lines #248 and #2023 as required by the SUP, and the need to convert Glebe Substation to GIS to maintain critical energy infrastructure, to provide continued reliable electric service to facilities depended upon to provide critical services to the public, and to terminate the new underground lines.[20] The Commission therefore finds no feasible alternatives to the Project.

Staff Report

Staff does not dispute the Project is needed to address the expiration of a SUP and believes the Project achieves that objective. Staff also confirms the need to address the aging infrastructure at Glebe Substation.[21] Thus, the Company and Staff are in agreement that the Project addresses these issues.

Additionally, Staff believes the two constructible undergrounding methods considered by the Company for the Potomac Yards Undergrounding – microtunneling and HDD – are both viable options for the project. Staff does not oppose the Company's selection of microtunneling as the method of construction but believes the Commission's selection of the specific construction method may require weighing the costs of the method against the disruptive impacts of construction on the Potomac Yards Shopping Center.[22]

The Commission adopts the Hearing Examiner's Findings and Recommendations and finds that as a condition of the approval herein, Dominion shall comply with each of DEQ's recommendations as provided in the DEQ Report and as modified by the Findings and Recommendations of the Hearing Examiner, and as further modified by the Company's Motion to Reopen the Record which the Commission grants herein. Additionally, to the extent jurisdictional to this Commission, the Company is directed to ensure compliance with its commitments to the County as stated in Exhibit 19.

Accordingly, IT IS ORDERED THAT:

(1) Dominion is authorized to construct and operate the Project as proposed in the Application, subject to the findings and conditions imposed herein.

(2) Pursuant to Code §§ 56-246.1, 56-265.2 and related provisions of Title 56 of the Code, the Company's request for certificates of public convenience and necessity to construct and operate the Project are granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utilities Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificates of public convenience and necessity ("CPCN") to the Company: Certificate No. ET-79qq, which authorizes Virginia Electric and Power Company, ("VEPCo") under the Utility Facilities Act, to operate certificated transmission lines and facilities in the Counties of Arlington and Fairfax and the City of Alexandria, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUR-2019-00040, cancels Certificate No. ET-79pp issued to VEPCo in Case No. PUR-2017-00143 on September 5, 2018.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation three copies of an appropriate map that shows the routing of the transmission lines approved herein.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the CPCNs issued in Ordering Paragraph (3) with the map attached.

(6) The Projects approved herein must be constructed and in service by May 2022; however, the Company is granted leave to apply for an extension for good cause shown.

(7) The matter is hereby dismissed.

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[20] Hearing Examiner's Report at 19-20.

[21] Ex. 13 at 7.

[22] Ex. 13 at 13-14.

CASE NO. PUR-2019-00042
JUNE 27, 2019

APPLICATION OF
POWER KIOSK LLC

For a license to do business as an aggregator for electricity

ORDER GRANTING LICENSE

On May 13, 2019, Power Kiosk LLC ("Power Kiosk" or "Company") completed an application with the State Corporation Commission ("Commission") for a license to conduct business as an electricity aggregator in the Commonwealth of Virginia ("Application"). The Company seeks authority to provide aggregation services to eligible residential, commercial, and industrial customers throughout Virginia.[1]

The Company attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").[2]

On May 15, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order") that, in part, required the Company to serve a copy of the Procedural Order on the electric utilities identified in Attachment A to the Procedural Order on or before May 24, 2019; provided interested persons an opportunity to file comments on the Application; and directed Commission Staff ("Staff") to analyze the Application and present its findings in a report ("Report").

By letter filed June 4, 2019, the Company certified that it had completed the service required by the Commission's Procedural Order.[3]

Comments were filed by Kentucky Utilities Company d/b/a Old Dominion Power Company and Dominion on June 5, 2019, and June 7, 2019, respectively.

On June 14, 2019, the Staff filed its Report, which summarized Power Kiosk's Application and evaluated its financial and technical fitness. Staff recommended that a license be granted to Power Kiosk to conduct business as an aggregator of electricity.[4]

NOW THE COMMISSION, upon consideration of the Application, the Staff's Report, and applicable law, finds that Power Kiosk should be granted a license to conduct business as an aggregator of electricity to residential, commercial, and industrial customers throughout the service territories open to competition in Virginia, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) Power Kiosk is hereby granted License No. A-68 to provide competitive aggregation service for electricity to residential, commercial, and industrial customers throughout the service territories open to competition in Virginia. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

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[1] Retail choice for electric service exists only as set forth in the Code of Virginia and only in the service territories of Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion"), Appalachian Power Company, and the electric cooperatives.

[2] 20 VAC 5-312-10 *et seq.* The Company also paid the applicable registration fee of $250.

[3] Pursuant to the Procedural Order, proof of service was due on or before May 30, 2019. Power Kiosk asserts that it served the Procedural Order on the requisite electric utilities and mailed its proof of service to the Clerk of the Commission on May 17, 2019. Proof of service was not received by the Commission until June 4, 2019. The Commission accepts the Company's proof of service filing out of time.

[4] No comments on the Report were received.

CASE NO. PUR-2019-00044
APRIL 26, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY, DOMINION ENERGY, INC., and DOMINION ENERGY SERVICES, INC.

For an exemption from approval of, or alternatively for approval of, retail service arrangements under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING EXEMPTION

On March 13, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV" or "Company"), Dominion Energy, Inc. ("DEI"), and Dominion Energy Services, Inc. ("DES") (collectively, "Affiliates"), filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").[1] The Application requests an exemption ("Exemption") from the filing and prior approval requirements of the Affiliates Act for retail electric service arrangements for the Affiliates' new location in the Company's service territory under the applicable rates, terms, and conditions approved by the Commission, and future exemptions ("Future Exemptions") from the filing and prior approval requirements of the Affiliates Act for retail electric service arrangements for certain unidentified future locations ("Future Locations") in the Company's service territory, provided that the Future Locations also take retail service from the Company at the rates, terms, and conditions approved by the Commission or the North Carolina Utilities Commission ("NCUC"), as applicable. In the alternative, the Applicants request (i) approval under the Affiliates Act for DES to take retail electric service at the new location, and (ii) approval through Future Exemptions from the prior filing and approval requirements of the Affiliates Act for Future Locations.

The Application identifies one new location for the proposed Exemption: the new DES-leased building at 600 Canal Place in Richmond, Virginia ("Canal Place"), which is projected to begin housing employees in late May or early June 2019. The Future Locations cited in the Application for the Future Exemptions refer to unidentified additional DEI or DES locations, including possible workplace vehicle charging locations, which may require retail electric service in the Company's service territory under the applicable rates, terms, and conditions approved by the Commission or the NCUC.

The Applicants represent that the requested Exemption is in the public interest because DEV's affiliates will take retail service from the Company at applicable rates, terms, and conditions approved by and on file with the Commission.[2] The Applicants state that there is no potential for cross-subsidization for Canal Place. The total annual billings for retail electric service from the Company to Canal Place would be no different, according to the Applicants, than if the facility was owned or leased by a non-affiliate. The Applicants further represent that the requested Exemption is consistent with the exemptions granted by the Commission in previous cases.[3] The Applicants assert that the Future Exemptions are in the public interest because, if needed, DEV's affiliates would take retail service at the rates, terms, and conditions already reviewed and approved by the Commission or the NCUC on the same basis as non-affiliated retail customers of the Company, the Future Exemptions would not prejudice DEV's customers, and the Future Exemptions would reduce the administrative burden on DEV.[4] Further, DEV asserts that it will include information relevant to the requested Exemption and Future Exemptions in the Annual Report of Affiliate Transactions to ensure the Future Exemptions do not compromise the receipt of relevant information concerning affiliate transactions.[5]

NOW THE COMMISSION, upon consideration of this matter, including having been advised by its Staff through Staff's action brief, is of the opinion and finds that based on the Applicants' representations, the requested Exemption and Future Exemptions are in the public interest and should be granted, subject to the requirements in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the proposed Exemption and Future Exemptions are granted subject to the requirements set forth in the Appendix attached to this Order.

(3) This case is dismissed.

APPENDIX

1. The Exemption and Future Exemptions granted in this case shall have no accounting or ratemaking implications.

2. The Exemption and Future Exemptions granted in this case shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq.* as necessary hereafter.

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[1] Code § 56-76 *et seq.* ("Affiliates Act").

[2] Application at 2.

[3] *Id.* at 2, 8. *See also Application of Virginia Electric and Power Company and Atlantic Coast Pipeline, LLC, For exemption from or approval to enter into retail service arrangements under Chapter 4, Title 56 of the Code of Virginia*, Case No. PUR-2018-00105, Doc. Con. Cen. No. 180910163, Order Granting Exemption (Sept. 7, 2018); and *Application of Virginia Electric and Power Company and Dominion Energy, Inc., For exemption from or approval to enter into retail service arrangements under Chapter 4, Title 56 of the Code of Virginia*, Case No. PUE-2016-00138, 2017 S.C.C. Ann. Rept. 413, Order Granting Exemption (Feb. 13, 2017).

[4] Application at 8-9.

[5] *Id.* at 9.

3. The Commission shall reserve the right to examine the books and records of the Company and any affiliate in connection with the Exemption and Future Exemptions granted in this case, whether or not such affiliate is regulated by the Commission.

4. DEV shall submit the following information associated with the Exemption and Future Exemptions granted in this case in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Division of Utility Accounting and Finance Director ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT shall include:

(a) The executed agreement(s) between the Company and DES for retail electric service at Canal Place, as well as any Future Locations;

(b) DES' annual electric usage and kilowatt-hours at Canal Place; and

(c) The allocation of the Canal Place and Future Locations' electric bill between DES, Dominion Energy Fuel Services, DEV, and other affiliates.

CASE NO. PUR-2019-00046
OCTOBER 31, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For revision of a rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing February 1, 2020

FINAL ORDER

On March 25, 2019, Virginia Electric and Power Company ("Dominion" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for revision of a rate adjustment clause ("RAC") designated Rider U, pursuant to, among other things, § 56-585.1 A 6 ("Section A 6") of the Code of Virginia ("Code"). Through its Application, the Company seeks to recover costs associated with the Company's Strategic Underground Program ("SUP") for the rate year February 1, 2020, through January 31, 2021 ("2020 Rate Year").

In addition to an annual update to approved cost recovery associated with the SUP, the Company seeks cost recovery for phase four ("Phase Four") of the SUP, designed to convert an additional 246 miles of overhead tap lines to underground at a capital investment of approximately $123.0 million with an average cost per mile of $500,000 and an average cost per customer undergrounded of $9,264.[1]

In total, the Application sought approval of revised Rider U with an associated revenue requirement in the amount of $51.517 million for the 2020 Rate Year.[2] For purposes of the projected revenue requirement contained in the Application, the Company proposed a 9.2% return on equity ("ROE"), as approved by the Commission in its Final Order in Case No. PUR-2017-00038.[3] The Company later revised its recommended revenue requirement upwards to approximately $55.5 million based on, among other things, the 10.75% ROE requested by Dominion in the pending 2019 statutory ROE proceeding ("2019 ROE Proceeding"), Case No. PUR-2019-00050.[4] Notwithstanding this update, Dominion continued to request recovery equal to, and rates designed to recover, the originally-filed and noticed $51.517 million revenue requirement.[5]

The impact on customer bills of revised Rider U will depend on the customer's rate schedule and usage. The Company asserts that implementation of the proposed Rider U beginning on February 1, 2020, would decrease the monthly bill of a residential customer using 1,000 kWh per month by $0.51 over the current Rider U, for a total Rider U bill impact of $1.33 per month.[6]

On April 3, 2019, the Commission issued an Order for Notice and Hearing that, among other things, established procedures for this matter, permitted interested persons to participate, and scheduled an evidentiary hearing. The Order for Notice and Hearing also appointed a Hearing Examiner to conduct all further proceedings on the Application and to file a report to the Commission containing the Hearing Examiner's findings and recommendations.

The following filed notices of participation in this case: the Board of Supervisors of Culpeper County, Virginia, and the Virginia Attorney General's Office, Division of Consumer Counsel. On June 25, 2019, Commission Staff filed testimony. On July 3, 2019, the Company filed rebuttal testimony. The Commission received both written and oral comments on the Application.

On July 16, 2019, the Hearing Examiner convened a public evidentiary hearing on the Application. On August 16, 2019, the Hearing Examiner issued the Report of D. Mathias Roussy, Jr., Hearing Examiner ("Report"), making findings and recommendations to the Commission. On September 6, 2019, Dominion filed comments on the Report.

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[1] Ex. 2 (Application) at 4.

[2] Ex. 6 (Givens Direct) at 13; Ex. 2 (Application) at 7.

[3] Ex. 2 (Application) at 5. *Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses*, Case No. PUR-2017-00038, 2017 S.C.C. Ann. Rept. 475, Final Order (Nov. 29, 2017).

[4] Ex. 19 (Givens Rebuttal) at 2, 5; Ex. 20.

[5] Ex. 19 (Givens Rebuttal) at 6.

[6] Ex. 2 (Application) at 8.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

As the Commission previously recognized, the 2018 Session of the Virginia General Assembly enacted legislation (Senate Bill 966) which revised Section A 6 to limit the Commission's discretion with respect to Rider U.[7] Specifically, the Commission explained that:

> [T]he General Assembly has [] mandated Commission approval of a SUP meeting certain statutory requirements. The General Assembly has deemed certain tap lines meeting the statutory criteria of *average* cost parameters to have local and system-wide benefits and to be cost-beneficial. The General Assembly has further pre-determined that the costs of such tap lines have been incurred reasonably and prudently. Legally, the General Assembly has removed the Commission's discretion to make such findings based on the actual evidence admitted into the record.[8]

The Commission continues to find that the costs of the proposed SUP would not be considered reasonable and prudent under a standard analysis, or cost-beneficial for residential customers in particular (the statute exempts large general service customers from paying the costs of Rider U, thus shifting more costs of Rider U to residential customers).[9] For example, the facts in this case indicate that:

- Once Phase Four is completed, only approximately 44,480 (1.8%) of Dominion's 2.5 million retail customers will be served either directly or downline from a tap line converted to underground service through the SUP, at a cost to customers of approximately $985.0 million, including financing costs.[10]
- As explained by the Hearing Examiner, since the SUP began in 2014, "the extent of any quantifiable system reliability benefits from the SUP is unclear. For example, if the SUP is producing the system-wide 'cascading reduction in restoration duration' Dominion envisions, that result is not apparent from [the customer average interruption duration index (CAIDI)] data used by the industry to measure restoration duration."[11]
- Dominion included in Phase Four more than 60 lines that have not experienced a single outage in a recent 10-year period.[12]
- While originally envisioned as a 10-year program, Dominion has indicated plans to extend the SUP until 2028 to correspond with a statutory limitation on RAC recovery.[13]

Notwithstanding this evidence, Section A 6 "explicitly directs this Commission to find that Dominion's Rider U proposal is cost-beneficial to customers without regard to contrary evidence in the record."[14] The Commission adopts the Hearing Examiner's findings and recommendations contained in the Report. As stated in the Report, "based on the record, Dominion's Application satisfies [the] criteria for mandatory statutory approval."[15] The Commission approves a revenue requirement in the amount originally noticed of approximately $51.5 million for recovery through Rider U during the Rate Year commencing February 1, 2020. Any change to the Company's approved ROE as a result of the 2019 ROE Proceeding shall be addressed in a future true-up proceeding.

The Hearing Examiner recommended that the Company "use, as the baseline for assessing and reporting any local reliability benefits from [the] SUP, the most recent 10-year period prior to conversion for each line or phase of lines, as applicable."[16] In its comments on the Report, the Company states it is not opposed to making this update to SUP data for future applications and reports.[17] Dominion states that it interprets this requirement to mean that reports should present a comparison based on the 10 calendar years immediately prior to conversion, as opposed to throughout the year.[18] The Commission agrees that providing the information for the calendar years immediately prior to conversion is reasonable, and so directs.

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[7] *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider U, new underground distribution facilities, for the rate year commencing February 1, 2019*, Case No. PUR-2018-00042, 2018 S.C.C. Ann. Rept. 387, 390, Final Order (Dec. 19, 2018) ("2018 Rider U Final Order").

[8] *Id.* (emphasis in original).

[9] *See id.* at 392.

[10] Report at 3.

[11] *Id.* at 27.

[12] *Id.* at 28. Inclusion of these lines, however, does not cause Phase Four to fail the statutory criteria for approval under Code § 56-585.1 A 6.

[13] *Id.* at 2.

[14] 2018 Rider U Final Order, 2018 S.C.C. Ann. Rept. at 393.

[15] Report at 21.

[16] *Id.* at 30.

[17] Dominion Comments at 7-8.

[18] *Id.*

Accordingly, IT IS ORDERED THAT:

(1) The Company shall file forthwith revised Rider U tariffs and terms and conditions of service and supporting workpapers, including a computation of the revenue requirement, with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(2) Pursuant to Code § 56-585.1 A 7, the Company may implement revised Rider U, as approved herein, for service rendered on and after sixty (60) days from the date of this Final Order. Alternatively, as requested by the Company, the Company may implement Rider U for service rendered on and after February 1, 2020.

(3) This case is continued.

CASE NO. PUR-2019-00047
AUGUST 9, 2019

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of motion of Old Dominion Electric Cooperative and its member distribution cooperatives for the Commission to join in a FERC petition for waiver of PURPA regulations.

ORDER GRANTING MOTION

On April 5, 2019, Old Dominion Electric Cooperative ("ODEC") and its member distribution cooperatives in the Commonwealth of Virginia[1] (collectively, with ODEC, the "Co-ops") filed with the State Corporation Commission ("Commission") their *Motion Requesting the State Corporation Commission to Join Old Dominion Electric Cooperative and its Member Cooperatives in a Petition to the Federal Energy Regulatory Commission* ("Motion"). Through their Motion, the Co-ops seek for the Commission to join in their Federal Energy Regulatory Commission ("FERC") petition for partial waiver of certain obligations in FERC's rules implementing Section 210 of the federal Public Utility Regulatory Policies Act of 1978 ("PURPA").[2] In the alternative, the Co-ops move the Commission to authorize ODEC to represent in their FERC petition that the Commission endorses the FERC petition on behalf of the Co-ops.[3]

Under PURPA, both ODEC, which supplies power to its member distribution cooperatives but does not serve retail customers, and the member distribution cooperatives, which serve retail customers but own little or no electric generation sources, are each obligated to sell to and buy from certain types of non-utility generation, known as qualifying facilities ("QFs").[4] The Co-ops intend to seek a waiver from FERC to relieve ODEC of its obligation to make future sales to QFs and correspondingly relieve the member distribution cooperatives of their obligations to buy power from QFs in the future.[5] ODEC would assume the obligation to buy all QF power otherwise offered to its member distribution cooperatives and the member distribution cooperatives would assume the obligation to make retail sales of electricity to QFs.[6]

The Co-ops propose an Implementation Plan, included as Appendix B to the Motion, which details the respective revised responsibilities of ODEC and its member distribution cooperatives and is intended to advise the public of the basic approach and general guidelines for QFs to: (i) interconnect with the electric utility systems of ODEC and its member distribution cooperatives; (ii) sell energy and capacity to ODEC; and (iii) purchase retail electric service from the member distribution cooperatives.[7] Further, the Co-ops' proposed Implementation Plan is intended to be prospective only: any current contracts for the sale or purchase of QF power would remain intact under the terms of the contemplated FERC petition and proposed Implementation Plan.[8]

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[1] 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.

[2] 16 U.S.C. 824a-3. In addition to the Virginia member distribution cooperatives, Choptank Electric Cooperative, Inc., and Delaware Electric Cooperative, Inc., would join in the FERC petition. *See* Motion at 3.

[3] Motion at 20. The Co-ops represent that should the Commission choose to simply endorse their FERC petition, FERC would have to grant an ODEC waiver request to allow the Commission's endorsement of the FERC petition to take the place of the Commission filing or joining in the FERC petition. *Id.* at 20, ftn. 50.

[4] Motion at 2-3.

[5] *Id.* at 3.

[6] *Id*.

[7] *See id*. at 4, Appendix B.

[8] *See id.* at 9-11, 17-18, Appendix B, for a more detailed description of ODEC's and the member distribution cooperative's responsibilities under the proposed Implementation Plan.

Federal regulations enacted by FERC implemented the buy/sell obligations for electric utilities operating in the United States under PURPA ("PURPA regulations").[9] The buy/sell requirements of the PURPA regulations were originally designed with integrated electric utilities, *i.e*., those owning generation, transmission and distribution facilities, in mind.[10] Many of the nation's rural electric cooperatives, however, are not vertically integrated. Rather, ODEC (the generation and transmission cooperative) and its member distribution cooperatives function *together* as a vertically-integrated electric utility.[11] The Co-ops represent that as a result, the PURPA regulations create costly and time-consuming inefficiencies for both ODEC and its member distribution cooperatives.[12] According to the Co-ops' Motion, FERC has granted numerous petitions over the years similar to the one contemplated by the Co-ops, with the electric distribution cooperatives and their separately organized cooperative generation supplier waiving the must buy and must sell obligations in the manner contemplated by the Co-ops.[13]

However, the PURPA regulations provide no avenue for the Co-ops, as state regulated electric utilities, to file a FERC petition for waiver on their own behalf.[14] After proper notice, only a state regulatory authority may apply for waiver of the PURPA regulations on behalf of its regulated electric utilities, or a nonregulated electric utility may apply for such waiver on its own behalf.[15] Specifically, the PURPA waiver provision, 18 C.F.R. § 292.402 (2018), states:

> Any State regulatory authority (with respect to any electric utility over which it has ratemaking authority) or nonregulated electric utility may, after public notice in the area served by the electric utility, apply for a waiver from the application of any of the requirements of subpart C[.]

The Commission regulates the rates of the member distribution cooperatives operating within the Commonwealth of Virginia and is therefore permitted as a "state regulatory authority" to petition FERC for such waiver.[16] The Co-ops desire the Commission to become a co-petitioner to FERC or, in the alternative, the Commission to authorize ODEC to represent in the FERC petition that the Commission endorses the FERC petition on behalf of the Co-ops.[17]

On April 29, 2019, the Commission issued its Order for Notice and Comment, directing the Co-ops to give notice of the Motion to interested persons and permitting such persons to file comments on the Motion. Further, this order directed the Commission Staff ("Staff") to analyze the Motion and present its findings in a Staff Report ("Report").

The Co-ops timely filed proof of publication of notice on July 3, 2019. The Staff filed its Report on July 16, 2019. The Report analyzed the various federal regulations implementing PURPA as enacted by the FERC, including the PURPA waiver provision set out above, and the proposed Implementation Plan, which would apply to QFs offering between 100 kilowatts ("kW") and 20 megawatts ("MW") of power for sale, which ODEC proposes that it, rather than the member distribution cooperatives, would purchase.[18] The Report discusses the impact of the Implementation Plan on avoided costs (the rate at which such purchases are paid) for both ODEC and the member cooperatives. The Report concludes that, if the purchase obligation remains with the member cooperatives, any purchase by an individual member cooperative could result in the shifting of costs to the remaining members.[19] This result is avoided if ODEC makes all such purchases.[20] The Report notes that "on advice of counsel" no Virginia statute or regulation either prohibits or mandates our decision in this case, which the Report characterizes as a policy determination.

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[9] 18 C.F.R. Part 292 *et seq.*

[10] Motion at 5, 17-18.

[11] *Id.* at 19. *See also id.* at 9-11.

[12] *Id.* at 17-18.

[13] *See, e.g., id*. at Appendices C and D.

[14] *Id.* at 5-6. Electric cooperatives are not regulated in every state, but are in the Commonwealth of Virginia.

[15] *Id.*

[16] *Id.* at 6-7.

[17] *Id.* at 20. The Co-ops represent that FERC would have to grant an ODEC waiver request to allow the Commission's endorsement of the FERC petition to take the place of the Commission filing or joining in the FERC petition.

[18] Report at 6. Other FERC regulations have set aside the "must purchase" requirement of offers of power of 20 MW or greater. Member cooperatives would continue to purchase offers of less than 100 kW of QF power, pursuant to tariffs on file with the Commission that will not be abrogated.

[19] *Id.* at 11.

[20] *Id.* at 14. Any such purchase by ODEC would, under current circumstances, simply displace power purchased from the PJM market at the same rate.

Also on July 16, 2019, the Southern Environmental Law Center, on behalf of Appalachian Voices, filed comments on the Motion ("Comments"). In these Comments, Appalachian Voices specifically notes that it has no opposition to the Motion, but raises issues for ODEC and the Commission "to address."[21] First, Appalachian Voices assert that, if FERC grants the waiver, the member cooperatives would reduce "external market-based pressure to keep the cost of energy low."[22] Next, the Comments assert that "ODEC was not clear about the potential implications of a partial waiver of its PURPA obligations on net metering in Virginia" and notes that the Motion "does not state that net metering would be unaffected" by the proposed Implementation Plan.[23] Last, the Comments request clarification about the avoided cost that ODEC proposes to pay QFs for offers of power, *i.e.*, whether ODEC intends to pay its avoided cost or the cost avoided by the member cooperative to whom the offer would otherwise be made.[24]

On July 23, 2019, the Co-ops filed their Motion for Leave to File Response and Response ("Motion and Response"), which addresses the concerns raised by Appalachian Voices' Comments. The Motion and Response discloses that under their current all-requirements contract with ODEC, the member cooperatives may purchase up to 5% or 5 MW of power from any generator, including renewable power suppliers and QFs, and thus the *opportunity* for the members to realize savings from competitive supply remains unaffected. The proposed elimination of the *obligation* to make purchases of between 100 kW and 20 MW is of no practical effect, since none of the members have received offers from any QF of such quantity of power.[25] The Motion and Response notes that the Implementation Plan does not impact the interconnection of any QF with any of the member cooperatives' distribution systems, so any QF seeking to supply power will be able to interconnect conveniently to any member cooperative; however, the purchase of the offered power would be made by ODEC and not the individual member.

The Motion and Response clarifies that the Implementation Plan will have no effect on net metering in Virginia, acknowledging that Virginia law requires the member cooperatives to offer net metering. Finally, as requested in the Comments, the Motion and Response also clarifies that ODEC will pay its own avoided cost to any QF offering power to it.[26]

NOW THE COMMISSION, upon consideration of the law, the pleadings, and the Staff Report, and being otherwise sufficiently advised, finds as follows. Appalachian Voices' Comments identify important aspects of the Motion that called for additional information and explanation. The Motion and Response provides such additional information pertinent to our decision in this matter and will therefore be granted. As evidenced by the Staff Report, the proposed Implementation Plan will not be detrimental to, and indeed to the extent that it prevents the shifting of costs from one member cooperative to the others is supportive of, the public interest.

Accordingly, IT IS ORDERED THAT:

(1) The Motion and Response is granted.

(2) The Motion is granted and the Co-ops are authorized to state in their waiver petition to be filed with FERC that the Virginia State Corporation Commission endorses such petition.

(3) The Co-ops shall provide a copy of said petition to the Commission's Office of General Counsel and Division of Public Utility Regulation not less than 10 days prior to filing the same with FERC so that these divisions may review the petition and bring to the Commission's attention, as necessary, any issues relating thereto.

(4) The Co-ops shall file with the Clerk of the Commission in this docket any ruling issued by FERC disposing of said petition.

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

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[21] Comments at 2.

[22] *Id.* at 4.

[23] *Id.* at 6-7.

[24] *Id.* at 8.

[25] Motion and Response at 3-4.

[26] *Id.* at 10.

CASE NO. PUR-2019-00048
MAY 21, 2019

PETITION OF
APPALACHIAN POWER COMPANY

For approval of the transfer of distribution facilities pursuant to the Utility Transfers Act, pursuant to Va. Code § 56-88 *et seq*.

ORDER GRANTING APPROVAL

On April 16, 2019, Appalachian Power Company ("APCo" or "Company") completed the filing of a petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"), requesting approval to acquire the distribution facilities of the Breaks Interstate Park ("Park Facilities") from the Breaks Interstate Park Commission ("Park Commission") ("Transfer").

The Company's Petition states that legislators in the Virginia General Assembly's Senate and House of Delegates who represent the area where the Park Facilities are located approached the Company about acquiring the Park Facilities. Pursuant to an agreement reached between the Park Commission, represented by the Office of the Attorney General, and the Company, the Park Commission will transfer the Park Facilities to APCo for no monetary consideration. After the consummation of the proposed Transfer, the Company intends to make a $1 million investment to upgrade the Park Facilities to meet its operating standards and to maintain the Park Facilities.

APCo represents that the proposed Transfer will not impair or jeopardize the provision of adequate service to the public at just and reasonable rates. The Company submits that it is better equipped to update, operate, and maintain the Park Facilities than the Park Commission. Consequently, the Company maintains that its investments, upgrades, and improvements will strengthen the safety and resiliency and increase the reliability of the Park Facilities' infrastructure, resulting in a direct benefit to the park and its visitors.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the proposed Transfer described above is approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-89 and 56-90, APCo is hereby granted approval of the Transfer as described herein.

(2) The Company shall file a report of action with the Commission's Document Control Center within ninety (90) days of the closing of the Transfer, which shall note the date the Transfer occurred.

(3) This case is dismissed.

CASE NO. PUR-2019-00049
NOVEMBER 6, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric facilities: Mt. Storm-Valley Line #550 kV Transmission Line Rebuild

FINAL ORDER

On April 1, 2019, pursuant to Virginia Code ("Code") § 56-46.1 and the Utility Facilities Act, Code § 56-265.1 *et seq.*, Virginia Electric and Power Company ("Dominion" or "Company") filed an application and supporting documents for approval and certification of electric facilities ("Application") with the Virginia State Corporation Commission ("Commission").

Through its Application, Dominion seeks to rebuild, entirely within its existing right-of-way ("ROW"), approximately 64.5 miles of its existing Mt. Storm-Valley 500 kilovolt ("kV") Line #550, of which 30.9 miles are located in the Commonwealth of Virginia (in Augusta and Rockingham counties) with the remaining portion of the line located in West Virginia (collectively, "Rebuild Project").[1]

On April 9, 2019, the Commission issued its Order for Notice and Hearing ("Procedural Order"), which, among other things, directed the Company to provide notice of its Application to interested persons and the public; provided interested persons the opportunity to comment on the Application or to participate as a respondent in this proceeding; directed the Commission's Staff ("Staff") to investigate the Application and to file testimony and exhibits containing Staff's findings and recommendations; scheduled a hearing to receive public witness testimony and other evidence on the Application; and assigned a Hearing Examiner to conduct further proceedings in this matter.

On April 17, 2019, the Northern Virginia Electric Cooperative ("NOVEC") filed a notice of participation in this proceeding.

As noted in the Procedural Order, Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the Rebuild Project by the appropriate agencies and to provide a report on the review. On May 30, 2019, DEQ filed its report ("DEQ Report"),[2] which included a Wetlands Impact Consultation prepared by DEQ. The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Findings and Recommendations regarding the Rebuild Project. According to the DEQ Report, the Company should:

- Follow DEQ's recommendation to avoid and minimize impacts to wetlands and streams;
- Consider DEQ's recommendations on permeable paving, as applicable, and revegetation following construction work;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable;

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[1] Application at 2, Appendix at 156, 205. Dominion represents that it is seeking certification of only the portion of the line that is within Virginia. Application at 2, n. 1.

[2] Ex. 9 (DEQ Report).

- Coordinate with the Department of Conservation and Recreation's ("DCR") Division of Natural Heritage ("DNH") regarding its recommendations to conduct surveys, develop and implement an invasive species plan, protect natural heritage resources, minimize adverse impacts to the aquatic ecosystem as well as for updates to the Biotics Data System database;[3]

- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations to protect listed species and wildlife resources;

- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic resources;

- Coordinate with the Virginia Department of Health regarding its recommendations to protect water supplies;

- Adopt the use of chemically-dulled galvanized structures as a condition of approval by the State Corporation Commission as recommended by the Virginia Outdoors Foundation;

- Coordinate with the Virginia Outdoors Foundation regarding its recommendations to protect open space lands;

- Coordinate with the DCR regarding its recommendation to protect the potentially scenic Shenandoah River;

- Follow the principles and practices of pollution prevention to the extent practicable;

- Limit the use of pesticides and herbicides to the extent practicable.[4]

On July 2, 2019, Staff filed its testimony and an attached Staff Report summarizing the results of its investigation of Dominion's Application. Staff concluded that Dominion has reasonably demonstrated that rebuilding the Virginia portion of its existing 500 kV Mt. Storm-Valley Line #550, as proposed, is necessary to continue providing reliable electric transmission service in the area.[5]

On July 17, 2019, Dominion filed rebuttal testimony, which discussed several recommendations included in the DEQ Report.

On July 30, 2019, a hearing convened in which Dominion, DEQ, and Staff introduced evidence into the record. NOVEC did not participate in the hearing. On August 12, 2019, Dominion submitted a late filed exhibit, reserved during the hearing with agreement of all participants, in conjunction with DNH, setting forth an updated recommendation regarding the DCR's Biotics Data System database that states:

> New and updated information is continually added to DCR's Biotics database. Following the DCR-DNH SCC planning stage project review, the Company shall re-submit project information with completed information services order form and a map to DCR-DNH or submit the project on-line through the Natural Heritage Data Explorer. This review shall occur during the final design stage of engineering and upon any major modifications of the project during construction (i.e., deviations, permanent or temporary, from the original study area and/or the relocation of a tower(s) into sensitive areas) for an update on natural heritage information and coordination of potential project modifications to avoid and minimize impacts on natural heritage resources.[6]

The Report of A. Ann Berkebile, Senior Hearing Examiner ("Report") was entered on August 28, 2019. In her Report, the Senior Hearing Examiner found that:

(1) The Rebuild Project is justified by the public convenience and necessity;

(2) The Commission should require the galvanized steel lattice towers used in the Rebuild Project to be chemically dulled;

(3) The Commission should issue a CPCN for the completion of the Rebuild Project;

(4) The unopposed recommendations in the DEQ Report should be adopted by the Commission as conditions of approval; and

(5) The Commission should adopt as a condition of the Rebuild Project's approval DCR's revised Biotics database recommendation set forth in Ex. 13.[7]

On September 18, 2019, Dominion filed comments on the Report. Dominion stated that it agrees with the recommendations contained in the Report and requests that the Commission issue a final order approving the Company's Application.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the Rebuild Project. The Commission finds that a CPCN authorizing the Rebuild Project should be issued subject to certain findings and conditions contained herein.

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[3] With regard to updates to the Biotics Data System database, this recommendation was modified to include the language in Exhibit 13.

[4] DEQ Report at 6-7.

[5] Ex. 8 (Staff Report) at 17.

[6] Ex. 13.

[7] Report at 13.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

> Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact . . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted . . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

Public Convenience and Necessity

The Commission finds that the Company's proposed Rebuild Project is needed. As found by the Hearing Examiner, the Rebuild Project is necessary to maintain the structural integrity and reliability of the transmission system and to provide reliable electric service in the area.[8]

Economic Development

The Commission finds that the evidence in this case demonstrates that the Rebuild Project will facilitate economic growth in the Commonwealth by continuing the provision of reliable electric service in the Rebuild Project area.[9]

Scenic Assets and Historic Districts

As noted above, the Rebuild Project would be constructed on existing ROW already owned and maintained by Dominion. The Commission finds that use of the existing route would minimize adverse impacts on scenic assets and historic districts in the Commonwealth of Virginia as required by § 56-46.1 B of the Code.[10] The Commission further finds that the galvanized steel lattice structures used in the Rebuild Project should be chemically dulled to lessen the visual impact of a new galvanized finish on scenic assets and historic districts.[11]

Environmental Impact

Pursuant to § 56-46.1 A and B of the Code, the Commission is required to consider the Rebuild Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive and give consideration to all reports that relate to the Rebuild Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the Rebuild Project. This finding is supported by the DEQ Report.

The Commission adopts the Hearing Examiner's findings and recommendations and finds that as a condition of the approval herein, Dominion must comply with each of DEQ's recommendations as provided in the DEQ Report and as modified by the recommendation in Exhibit 13.

Accordingly, IT IS ORDERED THAT:

(1) Dominion is authorized to construct and operate the Rebuild Project as proposed in its Application, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a CPCN to construct and operate the Rebuild Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following CPCNs to Dominion:

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[8] Report at 11.

[9] *See id*. at 12.

[10] *See* Report at 12.

[11] *Id.*

> Certificate No. ET-64ab, which authorizes Virginia Electric and Power Company, under the Utility Facilities Act, to operate certificated transmission lines and facilities in Augusta County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUR-2019-00049, cancels Certificate No. ET-64aa, issued to Virginia Electric and Power Company in Case No. PUR-2019-00052 on July 19, 2019.
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> Certificate No. ET-108p, which authorizes Virginia Electric and Power Company, under the Utility Facilities Act, to operate certificated transmission lines and facilities in Rockingham County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUR-2019-00049, cancels Certificate No. ET-108o, issued to Virginia Electric and Power Company in Case No. PUR-2018-00186 on March 22, 2019.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation three copies of an appropriate map that shows the routing of the transmission line approved herein.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the CPCN issued in Ordering Paragraph (3) with the map attached.

(6) The Rebuild Project approved herein must be constructed and in service by December 31, 2021. The Company, however, is granted leave to apply for an extension for good cause shown.

(7) This matter hereby is dismissed.

CASE NO. PUR-2019-00050
NOVEMBER 21, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For the determination of the fair rate of return on common equity pursuant to § 56-585.1:1 C of the Code of Virginia

FINAL ORDER

On March 29, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for the determination of the fair rate of return on common equity ("ROE") to be applied to its rate adjustment clauses ("RACs") pursuant to § 56-585.1:1 of the Code of Virginia ("Code") and to measure earnings in the first triennial review proceeding in 2021 under Code § 56-585.1:1 A.[1]

Enacted in 2015, Code § 56-585.1:1 requires that:

> Commencing in 2017 and concluding in 2019, the State Corporation Commission, after notice and opportunity for a hearing, shall conduct a proceeding every two years to determine the fair rate of return on common equity to be used by a Phase II Utility as the general rate of return applicable to rate adjustment clauses under subdivisions A 5 or A 6 of § 56-585.1. A Phase II Utility's filing in such proceedings shall be made on or before March 31 of 2017 and 2019.[2]

Pursuant to Code § 56-585.1:1, the ROE approved in this case will also be used in the Company's triennial review proceeding commencing in 2021 to review Dominion's earnings on its rates for generation and distribution services for the successive 12-month test periods beginning January 1, 2017, and ending December 31, 2020.[3]

The Company requests that the Commission approve an ROE of 10.75% for Dominion's RACs approved under subdivisions A 5 and A 6 of Code § 56-585.1 ("Subdivisions A 5 and A 6"), to be applied prospectively, effective with the date of the Commission's final order in this proceeding, and to measure earnings in the 2021 triennial review proceeding.[4] Dominion currently has a total of eleven such RACs.[5] The Company asserts, among other things, that 10.75% represents the return required to invest in a company with a risk profile comparable to Dominion.[6]

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[1] Along with its Application, the Company filed the Direct Testimony of Robert B. Hevert. On September 6, 2019, the Company filed corrected pages to Company witness Hevert's Direct Testimony.

[2] Code § 56-585.1:1 C 2. Dominion is the Phase II Utility. *See* Code § 56-585.1.

[3] Code §§ 56-585.1:1 A and C 3.

[4] Ex. 2 (Application) at 4.

[5] *See* Ex. 12 (Myers) at 5. Dominion's RACs, and subsequent revisions thereto, approved under these statutes include Riders B, BW, C2A, GV, R, S, U, US-2, US-3, and W. In addition, the Commission recently approved a new RAC designated as Rider E. *See Petition of Virginia Electric and Power Company, For approval of a rate adjustment clause, designated Rider E, for the recovery of costs incurred to comply with state and federal environmental regulations pursuant to § 56-585.1 A 5 e of the Code of Virginia*, Case No. PUR-2018-00195, Final Order (Aug. 5, 2019) and Order on Reconsideration (Nov. 14, 2019).

[6] Ex. 2 (Application) at 5.

On April 3, 2019, the Commission issued an Order for Notice and Hearing that, among other things, docketed the Application; required Dominion to publish notice of its Application; gave interested persons the opportunity to comment on or participate in the proceeding; and scheduled a public hearing. Notices of participation were filed in this proceeding by the Department of the Navy, on behalf of the Federal Executive Agencies ("FEA"); Walmart, Inc. ("Walmart"); the Virginia Poverty Law Center ("VPLC"); the Virginia Committee for Fair Utility Rates ("Committee"); and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel").

On July 12, 2019, FEA, Walmart, VPLC, and Consumer Counsel each filed testimony.[7] On August 2, 2019, the Commission's Staff ("Staff") filed testimony.[8] On August 16, 2019, Dominion filed rebuttal testimony[9] and a Motion *in Limine* of Virginia Electric and Power Company ("Motion").[10] In addition, the Commission received over 260 public comments on the Application.

The Commission convened a hearing, as scheduled, on September 10-11, 2019. Four public witnesses testified at the hearing. The Company, FEA, Walmart, VPLC, the Committee, Consumer Counsel, and Staff participated at the hearing. During the hearing, the Commission received testimony from witnesses on behalf of the participants and admitted evidence on the Application. As directed by the Commission at the conclusion of the hearing, the participants filed post-hearing briefs on October 18, 2019.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

As noted above, the purpose of this case is a determination of the fair ROE to be used by Dominion as the general return applicable to RACs under Subdivisions A 5 and A 6 and for purposes of the Company's 2021 triennial review proceeding. In this regard, "[s]uch fair rate of return shall be calculated pursuant to the methodology set forth in subdivisions A 2 a and b of § 56-585.1…."[11] In addition, the Code further states that the "Commission may use *any* methodology to determine *such return it finds consistent with the public interest*…."[12] Accordingly, the Commission will follow a similar process in determining a fair ROE herein as has been done in prior proceedings using the methodology set forth in Code § 56-585.1 A 2 a and b. First, the Commission determines the actual market cost of equity. Second, the Commission establishes a peer group majority ROE. Finally, the Commission establishes an ROE "consistent with the public interest" as set forth in Code § 56-585.1 A 2 a.

Market Cost of Equity

Company witness Hevert calculated Dominion's cost of equity to be between 10.00% and 11.00% and determined that, considering the economic requirements necessary to support continuous access to capital, an ROE of 10.75% represents Dominion's cost of equity.[13] Consumer Counsel witness Woolridge calculated Dominion's market cost of equity to be between 7.30% and 8.80% and determined that 8.75% represents Dominion's market cost of equity.[14] FEA witness O'Donnell calculated Dominion's market cost of equity to be between 5.50% and 10.25% and determined that 9.00% represents Dominion's market cost of equity.[15] Staff witness Pippert calculated Dominion's market cost of equity to be between 8.10% and 9.10%, and selected the midpoint of this range.[16] The Committee recommended that the Commission adopt a market cost of equity of 8.60%, the midpoint of Staff's recommended cost of equity range.[17] VPLC supported an ROE below 9.00%.[18] Walmart supported a market cost of equity finding of "no higher" than 9.20%.[19]

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[7] FEA filed the testimony of Kevin W. O'Donnell; Walmart filed the testimony of Steve W. Chriss; VPLC filed the testimony of Karl R. Rábago; and Consumer Counsel filed the testimony of J. Randall Woolridge.

[8] Staff filed the testimonies of Carol B. Myers, Philip M. Gereaux, and Donna T. Pippert.

[9] Dominion filed the rebuttal testimonies of Robert B. Hevert and John C. Ingram.

[10] The Commission previously took the Motion under advisement. Tr. 7. Based on our findings below, the Motion is now moot.

[11] Code § 56-585.1:1 C 3.

[12] Code § 56-585.1 A 2 a (emphases added).

[13] Ex. 3 (Hevert Direct) at 2-38, 42-43.

[14] Ex. 10 (Woolridge) at 3-55.

[15] Ex. 7 (O'Donnell) at 6, 22-48.

[16] Ex. 15 (Pippert) at 2-4, 21-31; Tr. 200.

[17] *See* Tr. 44; Committee's Post-Hearing Brief at 1.

[18] Tr. 41-42.

[19] Tr. 290-291. On brief, Walmart requested "an ROE that is no higher than 9.0 percent, based on the calculation of the statutory peer group floor…." Walmart's Post-Hearing Brief at 1.

The following chart summarizes the above:

	ROE Range	ROE
Dominion	10.00% – 11.00%	10.75%
Consumer Counsel	7.30% – 8.80%	8.75%
FEA	5.50% – 10.25%	9.00%
Committee	8.10% – 9.10%	8.60%
VPLC	[none given]	< 9.00%
Walmart	[none given]	9.20%
Staff	8.10% – 9.10%	8.60%

The Commission recognizes that "[t]here is no single scientific correct rate of return."[20] Based on the evidence herein, the Commission finds that a market cost of equity within a range of 8.3% to 9.3% fairly represents the actual cost of equity in capital markets for companies comparable in risk to Dominion seeking to attract equity capital. We find that a market cost of equity of 8.3% to 9.3% is supported by reasonable proxy groups, growth rates, discounted cash flow ("DCF") methods, and risk premium analyses.[21] The Commission further concludes, under the circumstances of this case and for purposes of implementing Code § 56-585.1:1, that approving a specific ROE of 9.2% from this range is "consistent with the public interest" under Code § 56-585.1 A 2 a and reasonably balances the interests of the Company, its customers, and its investors.[22] In sum, the Commission finds that an ROE of 9.2% is fair and reasonable, supported by evidence in the record, and satisfies the following constitutional standards as stated by Staff witness Pippert: "maintenance of financial integrity, the ability to attract capital on reasonable terms, and earnings commensurate with returns on investments of comparable risk."[23]

Accordingly, the Commission has found that Dominion's proposed cost of equity of 10.0% to 11.0% represents neither the actual cost of equity in the marketplace nor a reasonable ROE for the Company. Nor is Dominion's proposed ROE of 10.75% consistent with the public interest. The Commission also concludes that Dominion's proposed market cost of equity of 10.75% is not supported by reasonable growth rates, DCF methods, or risk premium analyses. Moreover, the Commission notes that Company witness Hevert proposes certain methodologies that the Commission has previously discounted or rejected,[24] and for which we continue to give little or no weight.

For example, Mr. Hevert continues to use only earnings per share ("EPS") as the measure of growth in his DCF model, which upwardly skews his results.[25] Likewise, we find that Mr. Hevert's continued use of projected EPS in the DCF portion of his capital asset pricing model ("CAPM") analysis produces a significant upward bias by overstating the return on the market (and consequently, the market risk premium) component of that cost of equity model. This results in an overstatement of the cost of equity.[26] We also note that while Mr. Hevert claims the DCF model has not produced reliable ROE results since 2014,[27] he uses his version of the DCF model to arrive at a market return for use in his CAPM analysis.[28]

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[20] *Commonwealth ex rel. Div. of Consumer Counsel v. Potomac Edison Co.*, 233 Va. 165, 171 (1987) (quoting *Central Tel. Co. of Va. v. State Corp. Comm'n*, 219 Va. 863, 874 (1979)).

[21] *See, e.g.,* Ex. 15 (Pippert) at 2-4, 21-31; Ex. 10 (Woolridge) at 3-55; Ex. 7 (O'Donnell) at 25-35, 40-48.

[22] *See, e.g.,* Dominion's Post-Hearing Brief at 7. The Commission further notes that Dominion's currently approved ROE is also at 9.2%, having already decreased by approximately 120 basis points (*i.e.*, from 10.4%) since the commencement of biennial reviews in 2011. Accordingly, the Commission concludes that it is reasonable – at this time – not to reduce further the approved ROE, which is within the range we have found reasonable and consistent with the public interest.

[23] Ex. 15 (Pippert) at 21.

[24] *See, e.g.,* Consumer Counsel's Post-Hearing Brief at 9-11, 24-25; Walmart's Post-Hearing Brief at 5-6; Staff's Post-Hearing Brief at 9-10, 13-14; VPLC's Post-Hearing Brief at 5-6.

[25] Ex. 3 (Hevert Direct) at 5, 46; Ex. 10 (Woolridge) at 57, 62-63 ("It seems highly unlikely that investors today would rely exclusively on the EPS growth rate forecasts of Wall Street analysts and ignore other growth rate measure[s] in arriving at their expected growth rates for equity investments."); Ex. 15 (Pippert) at 6, Appendix B at 3-5.

[26] *See, e.g.,* Staff's Post-Hearing Brief at 10; Consumer Counsel's Post-Hearing Brief at 10-11. Mr. Hevert's initial expected returns on the S&P 500 of 13.68% (Bloomberg) and 16.81% (Value Line) led to market risk premiums of 10.65% (Bloomberg) and 13.77% (Value Line), which he updated in his rebuttal testimony to expected returns of 14.88% and 14.78% and market risk premiums of 12.25% and 12.15%. *See* Ex. 3 (Hevert Direct), Schedule 2 at 1, 7, 8, and 14; Ex. 19 (Hevert Rebuttal), Rebuttal Schedule 2 at 1, 7, 8 and 14.

[27] Ex. 3 (Hevert Direct) at 4-5.

[28] *See id.* at 54-55; Ex. 7 (O'Donnell) at 17.

The Commission also finds that Mr. Hevert's 15% return on the market for the S&P 500 appears inflated and should be given little weight.[29] According to Consumer Counsel witness Woolridge, if the net income of the companies in the S&P 500 were to grow at the earnings per share rate assumed by Mr. Hevert, and if the United States gross domestic product ("GDP") grows at rates predicted by major government agencies (*i.e.*, approximately 4.23%),[30] the net income of the S&P 500 would represent growth from approximately 6.73% of GDP to approximately 92% of GDP by the year 2050.[31] Dr. Woolridge also noted that a number of financial experts are projecting a market risk premium of 5% to 6%.[32]

As in prior cases, Mr. Hevert uses projected interest rates in his CAPM and other risk premium models. Although he did not exclusively use projected interest rates in his analyses, his use of long-term projected rates continues to influence his recommended range, given his primary reliance on his risk premium model results.[33] The Commission has rejected the use of such projected interest rates in prior cases, stating that inclusion of these projected rates inflates the results of the utility's risk premium analysis.[34] Moreover, the Commission notes that Mr. Hevert's reliance on projected interest rates has overstated the risk-free rate since 2015.[35]

The risk-free rate used in Mr. Hevert's Bond Yield Plus Risk Premium ("BYRP") analysis also appears overstated, as he uses the long-term projected 30-year Treasury rate.[36] Moreover, Mr. Hevert's BYRP analysis relies on historical authorized ROEs to calculate the market risk premium. We find that this approach is not reliable because it does not recognize case-specific information[37] and it "improperly embeds factors into the analysis such as regulatory lag, incentive ROE programs, capital structure adjustments to address leverage issues, gradualism, [and] settle[d] cases."[38]

In addition, while the Company updated its ROE results with financial data through June 2019,[39] Mr. Hevert maintains his original proposed ROE even though it does not reflect the decline in his own ROE estimates.[40] Mr. Hevert also supports his equity risk premium of approximately 8.65% for Dominion as of the time of the hearing by asserting that "[t]he equity risk premium will expand under almost any circumstance when Treasury yields fall…."[41] By not recognizing the decline in his ROE estimates, Mr. Hevert appears to suggest that authorized ROEs would never decline with falling interest rates. Furthermore, as noted by FEA, Mr. Hevert's equity risk premium of 8.65% for Dominion "is almost equivalent to the entire ROE last set by this Commission."[42]

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[29] *See* Staff's Post-Hearing Brief at 10-11; Ex. 15 (Pippert) at 6; Tr. 187.

[30] *See, e.g.,* Ex. 10 (Woolridge) at 76; Tr. 117-118.

[31] *See* Ex. 10 (Woolridge) at 77; Tr. 117.

[32] *See, e.g.*, Ex. 10 (Woolridge) at 50-51; Tr. 115.

[33] *See* Staff's Post-Hearing Brief at 13; Ex. 3 (Hevert Direct) at 4, 43.

[34] *See, e.g., Application of Virginia Electric and Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses,* Case No PUR-2017-00038, 2017 S.C.C. Ann. Rept. 475, 476, Final Order (Nov. 29, 2017) ("PUR-2017-00038 Final Order"); *Application of Appalachian Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses,* Case No. PUE-2016-00038, 2016 S.C.C. Ann. Rept. 393, 395, Final Order (Oct. 6, 2016); *Application of Aqua Virginia, Inc., For an increase in rates*, Case No. PUE-2014-00045, 2016 S.C.C. Ann. Rept. 206, 209, Final Order (Jan. 7, 2016); *Application of Appalachian Power Company, For an increase in electric rates*, Case No. PUE-2006-00065, 2007 S.C.C. Ann. Rept. 321, 327, Final Order (May 15, 2007).

[35] *See* Ex. 11; Tr. 119-21. As an example of evidence that undermines Company witness Hevert's use of projected interest rates and Dominion's request for a 10.75% ROE, the risk-free rate (*i.e.,* 30-year Treasury bond yield) used in analyzing market cost of equity has decreased during the pendency of this proceeding. Mr. Hevert used a current 30-year Treasury rate of 3.04% in his Direct Testimony, while Staff witness Pippert used a three-month average (March – May 2019) 30-year Treasury rate of 2.91%. *See* Ex. 3 (Hevert Direct) at 6 (corrected); Ex. 15 (Pippert) at 9, 26, Schedule 6. During the hearing, however, it was shown that such rate had decreased to 2.11%, indicating a downward trend in the risk-free rate from the date the Company filed its Application to the date of the hearing. Tr. 80.

[36] *See* Ex. 3 (Hevert Direct) at 6; Ex. 16 (Staff's Update of Hevert Model Results).

[37] This may include factors such as capital structure, credit ratings and other risk measures, service territory, capital expenditures, energy supply issues, rate design, and investment and expense trackers. *See* Ex. 10 (Woolridge) at 82.

[38] Tr. 191, 203.

[39] *See, e.g.,* Ex. 19 (Hevert Rebuttal) at Rebuttal Schedules 1-6; Tr. 183.

[40] *See* Ex. 19 (Hevert Rebuttal) at 6; Ex. 16 (Staff's Update of Hevert Model Results). As noted by Consumer Counsel, "[t]his highlights the disconnect existing between Mr. Hevert's cost of equity results and his cost of equity recommendation." Consumer Counsel's Post-Hearing Brief at 7.

[41] Tr. 80-84.

[42] FEA's Post-Hearing Brief at 9.

Finally, the Commission does not find, as asserted by Company witness Hevert, that certain business risks facing Dominion warrant a 10.75% ROE. For example, while Mr. Hevert claims that risks associated with the Company's anticipated capital expenditures warrant his recommended ROE,[43] of the approximately $12.1 billion of the Company's additional planned capital expenditures from 2019-2023 (on a Virginia jurisdictional basis), the record indicates that Dominion plans to recover over $8.6 billion, or 71%, of this projected amount through RACs, which permit the timely and current recovery of all reasonable and prudent costs on a dollar-for-dollar basis.[44]

Peer Group Majority ROE

As noted above, Code § 56-585.1:1 C 3 states that Dominion's ROE "shall be calculated pursuant to the methodology set forth in subdivisions A 2 a and b of § 56-585.1…." Subdivisions A 2 a and b of Code § 56-585.1 require the Commission to establish a peer group majority ROE as follows:

> a. The Commission may use any methodology to determine such return it finds consistent with the public interest, but such return shall not be set lower than the average of the returns on common equity reported to the Securities and Exchange Commission for the three most recent annual periods for which such data are available by not less than a majority, selected by the Commission as specified in subdivision 2 b, of other investor-owned electric utilities in the peer group of the utility subject to such triennial review, nor shall the Commission set such return more than 300 basis points higher than such average.
>
> b. 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. In its final order regarding such triennial review, the Commission shall identify the utilities in such peer group it selected for the calculation of such limitation. For purposes of this subdivision, an investor-owned electric utility shall be deemed part of such peer group if (i) its principal operations are conducted in the southeastern United States east of the Mississippi River in either the states of West Virginia or Kentucky or in those states south of Virginia, excluding the state of Tennessee, (ii) it is a vertically-integrated electric utility providing generation, transmission and distribution services whose facilities and operations are subject to state public utility regulation in the state where its principal operations are conducted, (iii) it had a long-term bond rating assigned by Moody's Investors Service of at least Baa at the end of the most recent test period subject to such triennial review, and (iv) it is not an affiliate of the utility subject to such triennial review.

As reflected in prior Commission orders on ROE, the above statutory language – although highly prescriptive in numerous respects – also requires the Commission to exercise its reasonable discretion on specific matters not addressed or otherwise limited in this statutory grant of authority. In this regard, it is uncontested that the Commission must exercise such discretion in determining a peer group majority ROE, which establishes the ROE floor. For this purpose, the Commission has consistently found that it is reasonable and rational to exercise such discretion in a manner that supports the actual market cost of equity found fair and consistent with the public interest based on the record.

Specifically, as part of Dominion's first biennial review in 2011, the Commission found it was reasonable to establish a peer group majority ROE that was close to the actual market cost of equity found fair and reasonable therein.[45] Given the purpose and context of the statute, the Commission found that establishing the ROE floor in this manner provides a rational basis for the exercise of its statutory discretion.[46] The Commission has consistently exercised its discretion in this same manner when approving subsequent ROEs for the Company under this statute.[47] The Commission continues to find that it is reasonable – in exercising its discretion for purposes of establishing a peer group majority ROE – to take into consideration the actual market cost of equity capital found fair and consistent with the public interest.

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[43] Ex. 3 (Hevert Direct) at 32-34.

[44] Ex. 12 (Myers) at 14-15.

[45] *Application of Virginia Electric and Power Company, For a 2011 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00027, 2011 S.C.C. Ann. Rept. 456, 463, Final Order (Nov. 30, 2011) ("PUE-2011-00027 Final Order"). The Commission explained, in part, as follows:

> If the General Assembly wanted the Commission to apply a particular approach or evaluation methodology in selecting a majority, it could have directed as such; it did not. We find that it is reasonable in this proceeding to select a majority that has an earned return that is close to the market cost of equity capital found fair and consistent with the public interest herein. The plain language of the statute giving the Commission the discretion to select a majority in no manner precludes such finding. Moreover, we do not, and need not, find that this is the only majority that is reasonable.

Id. (footnote omitted).

[46] *Id*. ("We conclude that the specific majority chosen herein has a rational basis and does not violate any constitutional or statutory provision.").

[47] *See, e.g., Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, 2013 S.C.C. Ann. Rept. 371, 375-76, Final Order (Nov. 26, 2013); PUR-2017-00038 Final Order at 478 n.34.

The first step in this process is determining the specific utilities that will comprise the peer group under the above statute. In this regard, we deny the Company's request to exclude Mississippi Power Company ("Mississippi Power"); Mississippi Power satisfies the statutory criteria in Code § 56-585.1 A 2 b (i)-(iv)[48] and, thus, "shall be deemed part of such peer group."[49] We also deny Staff's request to include South Carolina Electric & Gas Company ("SCE&G"); SCE&G is "an affiliate of the utility subject to such triennial review," which is excluded under Code § 56-585.1 A 2 b (iv).[50] The participants also differed on whether Appalachian Power Company ("APCo") should be considered part of the peer group.[51] The peer group majority ROE established in this Final Order (discussed below), however, is lower than the 9.2% ROE approved herein regardless of whether APCo is included in the peer group;[52] thus, as in prior cases, the Commission need not address APCo's inclusion or exclusion as part of the instant proceeding.[53]

Next, the Commission must calculate an ROE for each utility in the peer group, which will then be used in determining the peer group majority's average ROE.[54] Such calculation can be based on either year-end common equity or average common equity,[55] and the choice is left to the Commission's discretion.[56] The Commission has previously found that it is reasonable to use *either* year-end equity or average equity for this purpose.[57] Dominion, however, asserts that "there is no evidentiary basis" to use year-end equity in this proceeding. We disagree. Based on the instant record, the Commission continues to find that it is reasonable to calculate peer group ROEs for the statutory purpose herein using either year-end or average equity.

Specifically, while Dominion provides a factual basis supporting the use of average equity, we find that such basis does not preclude the use of year-end equity as well. For example, as testified to by Consumer Counsel's expert witness, "it is common among financial publications such as *Value Line* to report ROEs based on year-end equity."[58] Staff also testified that the statutory peer group analysis shares characteristics with the comparable earnings method used by some cost of capital analysts to estimate the market cost of equity, noting that applications of this method may include returns on year-end or average equity.[59] In addition, Staff's expert witness disagreed with Dominion's conclusion that average equity must be used for consistency with rate cases, explaining that measuring peer group returns "is separate and distinct" from base rate earnings tests.[60] Indeed, Staff further testified that because rate cases use a "mix of an average rate base and a year-end capital structure," this "lend[s] support for either year-end or average equity in calculating the statutory peer group floor."[61] Consumer Counsel's witness similarly testified that using year-end equity is supported by the fact that "the ROE awarded in this case will be applied to a year-end and not an average capital structure."[62]

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[48] *See, e.g.,* Ex. 7 (O'Donnell) at 49-50; Ex. 9 (Rábago) at 20-21; Ex. 10 (Woolridge) at 89; Ex. 13 (Gereaux) at 5; Committee's Post-Hearing Brief at 4; FEA's Post-Hearing Brief at 8; Walmart's Post-Hearing Brief at 9-10; Staff's Post-Hearing Brief at 20.

[49] Code § 56-585.1 A 2 b.

[50] In addition, Walmart presents an argument that appears to be an issue of first impression. According to Walmart, the statutory plain language does not limit the peer group *only* to those deemed part thereof under Code § 56-585.1 A 2 b, and, thus, Walmart asserts that the Commission has discretion to include SCE&G. *See, e.g.,* Walmart's Post-Hearing Brief at 10-12. The Commission, however, need not address this question because the statutory ROE floor established in this Final Order is lower than the 9.2% ROE approved herein regardless of whether SCE&G is included in the peer group. *See, e.g.,* Ex. 14 (Alternate Staff Peer Group Results).

[51] *See, e.g.,* Ex. 3 (Hevert Direct) at 39-40; Ex. 7 (O'Donnell) at 49-50; Ex. 10 (Woolridge) at 8, Exhibit JRW-11; Ex. 13 (Gereaux) at 6-7, Schedule 1.

[52] *See, e.g.,* Ex. 14 (Alternate Staff Peer Group Results).

[53] *See, e.g.,* PUR-2017-00038 Final Order at 478.

[54] To calculate an ROE for a peer group utility under the statute, "net income available for common shareholders is divided by common shareholders' equity." Ex. 13 (Gereaux) at 9.

[55] *Id*.

[56] As with selecting the peer group majority, if the General Assembly wanted the Commission to apply a particular approach or methodology in calculating peer group returns, it could have directed as such; it did not. Indeed, as with the Commission's previous observation in establishing the peer group majority ROE, "the lack of a particular evaluation methodology for [calculating peer group ROEs] directly contrasts with the very specific criteria prescribed by the General Assembly in other parts of § 56-585.1 A 2 of the Code." PUE-2011-00027 Final Order at 463 n.62. Thus, while Dominion and Consumer Counsel disparately advocate for the use of average and year-end equity, respectively, neither party asserts that its requested methodology is mandated by statute. *See, e.g.,* Dominion's Post-Hearing Brief at 18-20; Consumer Counsel's Post-Hearing Brief at 30-37.

[57] *See, e.g., Application of Appalachian Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses*, Case No. PUR-2018-00048, Doc. Con. Cen. No. 181120212, Final Order (Nov. 7, 2018) ("2018 APCo ROE Order") at 6 ("Based on the record herein, the Commission finds that it is reasonable to calculate the statutory peer group floor using either average or year-end common equity.").

[58] Ex. 10 (Woolridge) at 90.

[59] Ex. 15 (Pippert) at 20.

[60] Tr. 143.

[61] Tr. 144. *See also* Tr. 160-162.

[62] Ex. 10 (Woolridge) at 90.

As explained above, in exercising reasonable discretion for purposes of establishing a peer group majority ROE, the Commission takes into consideration the actual market cost of equity capital found fair and *consistent with the public interest*.[63] In this regard, and based on the instant record, only the use of year-end equity results in a peer group majority ROE that is within the ROE range found fair and consistent with the public interest.[64] As a result, the Commission finds that the use of average equity in this proceeding does not support the fair market cost of equity and, further, that it is reasonable to use year-end equity for this purpose. In sum, we find that it is consistent with the public interest to use the methodology that establishes Dominion's ROE within the range of actual cost of equity capital in the marketplace as found herein.

The Commission also notes that Dominion characterizes the use of year-end equity in this manner as a "stark deviation" from prior precedent.[65] We disagree. As explained by Consumer Counsel, Commission precedent has never precluded the use of year-end equity for this purpose.[66] To the contrary, Commission precedent has expressly *preserved* the subsequent use of year-end equity: "While the peer group floor has been previously calculated using average common equity, the Commission has never precluded the use of year-end common equity as also reasonable for this purpose. … Finally, we again emphasize that our decision does not preclude the use of year-end common equity in subsequent cases."[67] Significantly, in the Commission's implementation of this statute since the commencement of biennial reviews – and in stark contrast to the instant case – the use of average equity did *not* result in a peer group majority ROE that was outside of the ROE range found fair and consistent with the public interest.[68]

Accordingly, the peer group majority that the Commission selects had, on average, an ROE close to that found fair and reasonable herein.[69] The Commission continues to conclude, as we have in prior cases, that the peer group majority ROE as established in this manner is reasonable, has a rational basis, and does not violate any constitutional or statutory provision.

Conclusion

The Commission concludes that the fair ROE in this proceeding for Dominion is 9.2%.[70] The Commission finds that this ROE is supported by the record, is fair and reasonable to the Company within the meaning of the Code, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks assumed, enables the Company to maintain its financial integrity, is consistent with the public interest, and satisfies all applicable statutory and constitutional standards.

Accordingly, IT IS SO ORDERED, and this matter is dismissed.

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[63] *See also* Consumer Counsel's Post-Hearing Brief at 31-35; VPLC's Post-Hearing Brief at 6-8; Walmart's Post-Hearing Brief at 8-9.

[64] *See, e.g.,* Ex. 10 (Woolridge) at 90, Exhibit JRW-11; Ex. 14 (Alternate Staff Peer Group Results); Consumer Counsel's Post-Hearing Brief at 32-34.

[65] Ex. 25 (Ingram Rebuttal) at 3.

[66] *See, e.g.,* Consumer Counsel's Post-Hearing Brief at 33.

[67] 2018 APCo ROE Order at 6-7.

[68] For example, in explaining the Commission's decision to use average equity in the most recent ROE case for APCo, we emphasized that "using average equity also results in a peer group floor that falls within the market cost of equity range … that the Commission finds reasonable in this proceeding." *Application of Appalachian Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses*, Case No. PUR-2018-00048, Doc. Con. Cen. No. 190140208, Opinion (Jan. 25, 2019) at 4. The Commission further notes that the peer group majority ROE established in the following cases was likewise within the ROE range found fair and consistent with the public interest in each respective case: Case No. PUR-2017-00038 (Nov. 29, 2017); Case Nos. PUE-2016-00111, PUE-2016-00112, PUE-2016-00113 (consolidated) (April 14, 2017); Case Nos. PUE-2016-00059, PUE-2016-00060, PUE-2016-00061, PUE-2016-00062, PUE-2016-00063 (consolidated) (Feb. 16, 2017); Case No. PUE-2016-00038 (Oct. 6, 2016); Case No. PUE-2014-00026 (Nov. 26, 2014); Case No. PUE-2011-00037 (Nov. 30, 2011); Case No. PUE-2011-00027 (Nov. 30, 2011). Thus, the Commission disagrees with Dominion's claim that it is "improper" to use year-end equity in this instance in order to implement the Commission's reasonable discretion in a manner consistent with prior cases. Dominion's Post-Hearing Brief at 4.

[69] The statutory floor with APCo in the peer group is 9.09% and comprises the following companies: Georgia Power Company; Entergy Mississippi, Inc.; APCo; Louisville Gas & Electric Company; and Duke Energy Progress, LLC. The statutory floor without APCo in the peer group is 9.01% and comprises the following companies: Georgia Power Company; Entergy Mississippi, Inc.; Louisville Gas & Electric Company; and Duke Energy Progress, LLC. *See, e.g.,* Ex. 14 (Alternate Staff Peer Group Results); Ex. 10 (Woolridge) at Exhibit JRW-11.

[70] Pursuant to Code § 56-585.1:1 C 3, "any adjustment to the fair rate of return for applicable rate adjustment clauses under subdivisions A 5 and A 6 of § 56-585.1 [shall take] effect on the date of the Commission's final order in the proceeding, utilizing rate adjustment clause true-up protocols as the Commission may in its discretion determine." Accordingly, the 9.2% ROE found appropriate herein shall become effective with respect to the Company's RACs under Code §§ 56-585.1 A 5 and A 6 on the date of this Final Order and any resulting over- or under-recovery shall be addressed through appropriate true-up protocols in future RAC proceedings.

CASE NO. PUR-2019-00051
JUNE 17, 2019

APPLICATION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE and NOVEC SOLUTIONS, INC.

For approval of affiliate arrangements

ORDER GRANTING APPROVAL

On March 27, 2019, Northern Virginia Electric Cooperative ("NOVEC") and NOVEC Solutions, Inc. ("NS") (collectively, "Applicants"), filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")[1] to request approval to transfer a patented technology intangible asset ("Technology") from NOVEC to NS ("Transfer"). The Transfer requires Affiliates Act approval pursuant to Code § 56-77 A, which states in part that "No contract or arrangement for the purchase, sale, lease, or exchange of any property, right, or thing . . . 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."

NOVEC owns a 276-mile fiber optic network ("Network") to enhance communications throughout its electric distribution system. NS leases or has ownership rights in jointly constructed fiber along NOVEC's Network and provides managed optical bandwidth services to NOVEC and third parties to optimize the capabilities of the Network.[2] While developing, operating, and maintaining the Network, an NS employee designed and developed the Technology, which was patented by the U.S. Patent and Trademark Office in NOVEC's name.

The Technology is currently being tested and deployed across one of NS' networks that provides service to NOVEC and third parties. The Applicants believe that the Technology may have broader commercial use and value. Due to Code statutory restrictions on the activities of a regulated electric cooperative,[3] the Applicants believe that it is appropriate for NOVEC to transfer the Technology to NS so that the unregulated affiliate can exercise the flexibility of exploring the commercial options for realizing the full value of the Technology.

The Applicants represent that the Technology will be transferred at net original cost, or net book value. The Applicants represent that once the Technology is fully deployed in NS' network, any cost savings from lower leased fiber rates will be passed through to NOVEC. The Applicants also note that any NS profits generated from the Technology's deployment will be returned to NOVEC's members through patronage capital credits.[4]

NOW THE COMMISSION, upon consideration of the matter and having been advised by its Staff through Staff's action brief, is of the opinion and finds that the proposed Transfer is in the public interest and, therefore, is approved subject to the requirements listed in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Petitioners hereby are granted approval of the Transfer as described herein subject to the requirements set forth in the Appendix to this Order.

(2) This case is dismissed.

APPENDIX

1) The Commission's approval in this case shall have no accounting or ratemaking implications.

2) The approval granted in this case shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq*. hereafter.

3) Within thirty (30) days of completing the Transfer, NOVEC shall file a Report of Action ("Report") with the Commission, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance. The Report shall include the following information: (1) the effective date of the Transfer; (2) the actual consideration (purchase price) paid for the Technology; and (3) the actual accounting entries, including any tax-related accounting entries, entered on NOVEC's books to record the Transfer. The Transfer accounting entries shall be in accordance with the Uniform System of Accounts ("USOA") for electric distribution cooperatives.

4) NOVEC's ongoing receipt of data services from NS shall not compromise the security of any NOVEC assets or personnel and should not compromise the provision of reliable electric service to Virginia customers.

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[1] Code § 56-76 *et seq.* ("Affiliates Act").

[2] See Case Nos. PUA-1997-00012, PUA-2000-00068, and PUE-2004-00120.

[3] Code § 56-231.34:1 states that: "No cooperative that engages in regulated utility service shall conduct any unregulated business activity, other than traditional cooperative activities."

[4] See Applicants' Response to Staff Data Request No. 2-8, attached to Staff's action brief.

CASE NO. PUR-2019-00052
JULY 19, 2019

JOINT PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY and THE ALLEGHENY GENERATING COMPANY

For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq*.

ORDER GRANTING APPROVAL

On April 1, 2019, Virginia Electric and Power Company ("Dominion" or the "Company") and Allegheny Generating Company ("Allegheny") (collectively, "Petitioners") filed a joint petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act[1] and the Utility Facilities Act[2] for approvals related to the Company's acquisition from Allegheny of certain transmission facilities ("Transmission Facilities") that begin at the Bath County Pumped Storage Station located in Bath County, Virginia, and extend out towards the Company-owned Lexington Substation and Valley Substation. The Transmission Facilities include: (i) the Air Entrance Bushings; (ii) associated air bus leads connecting the generator step up transformers to the Air Entrance Bushings on the Gas Insulated Switchgear ("GIS"), including associated lightning arresters and Coupling Capacitor Potential Devices; (iii) the GIS; (iv) the 500 kilovolt ("kV") Bath-Lexington #547 transmission line; (v) the 500 kV Bath-Valley #548 transmission line, and (vi) associated protective relaying, control, and communications.

Dominion requests Commission approval to acquire the Transmission Facilities from Allegheny pursuant to the Utility Transfers Act, and Allegheny requests Commission approval to transfer the Transmission Facilities to Dominion. In addition, Dominion requests that the Commission approve, and amend the certificate of convenience and necessity for, the acquisition and operation of the Transmission Facilities pursuant to the Utility Facilities Act. Collectively, the approvals requested herein are referred to as the "Proposed Transaction."

On April 25, 2019, the Commission issued an Order for Notice and Comment ("Procedural Order") that, among other things, directed the Commission's Staff ("Staff") to investigate the Proposed Transaction and present its findings in a report ("Staff Report"); required the Petitioners to serve this Procedural Order upon interested persons; and provided interested persons an opportunity to comment or request a hearing on the Petition. The Commission did not, however, receive any requests for a hearing on the Petition.

On June 19, 2019, Staff filed its Staff Report in this proceeding. Staff concluded that adequate service to the public at just and reasonable rates will not be impaired or jeopardized by the Proposed Transaction.[3] Based on that conclusion, Staff recommended that the Commission grant Utility Transfers Act approval of the Proposed Transaction subject to the requirements outlined in Appendix A to the Staff Report ("Appendix A"). Staff also recommended that the Commission grant Utility Facilities Act approval for Dominion to revise its Virginia CPCN to reflect its acquisition of the Transmission Facilities.[4]

On June 26, 2019, the Petitioners filed letter comments to the Staff Report. In their comments, the Petitioners agreed with the Staff's recommendations, including the requirements set forth in Appendix A to the Staff Report.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Proposed Transaction will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and that the authority requested in the Petition should be granted subject to the requirements listed in Appendix A to the Staff Report.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-89 and 56-90, and Code § 56-265.1 *et seq*., the Petitioners hereby are granted approval of the Proposed Transaction as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) Upon Petitioners filing of a Report of Action with the Commission and pursuant to the Utility Facilities Act, Code § 56-265.1 *et seq.*, the Commission will issue the following CPCNs to Dominion:

Certificate No. ET-210, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Bath County, authorized in Case No. PUR-2019-00052, all as shown on the map attached to the certificate.

Certificate No. ET-64z, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Augusta County, all as shown on the map attached to the certificate, and to operate facilities as authorized in Case No. PUR-2019-00052, cancels Certificate No. ET-64y, issued to Virginia Electric and Power Company in Case No. PUR-2017-00114 on September 10, 2018.

Certificate No. ET-107l, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Rockbridge County, all as shown on the map attached to the certificate, and to operate facilities as authorized in Case No. PUR-2019-00052, cancels Certificate No. ET-107k, issued to Virginia Electric and Power Company in Case No. PUE-2013-00118 on March 25, 2014.

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[1] Section 56-88 *et seq*. of the Code of Virginia (“Code”).

[2] Code § 56-265.1 *et seq*.

[3] Staff Report at 6.

[4] *Id.* at 6-7.

Certificate No. ET-211, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Highland County, authorized in Case No. PUR-2019-00052, all as shown on the map attached to the certificate.

(3) Within thirty (30) days from the date of the submission of the Report of Action, Dominion shall provide to the Commission's Division of Public Utility Regulation three copies of an appropriate map that shows the routing of the transmission line approved herein.

(4) This case is dismissed.

APPENDIX

(1) The Commission's approval in this case shall have no accounting or ratemaking implications.

(2) Within sixty (60) days of completing the Proposed Transaction, the Petitioners shall file a Report of Action ("Report") with the Commission, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance. The Report shall include the following information: (1) the effective date of the Proposed Transaction; (2) an executed copy of the Purchase and Sale Agreement; (3) the actual accounting entries, including any tax-related accounting entries, on the Petitioners' books to record the Proposed Transaction; and (4) a schedule to reconcile any differences between the accounting entries provided in the Petition and the accounting entries actually made at closing to record the Proposed Transaction. The Proposed Transaction accounting entries shall be in accordance with the Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts ("USOA") for electric utilities.

(3) Dominion's CPCNs shall be revised upon receipt of the Report to reflect the Proposed Transaction.

(4) The Petitioners shall be directed to retain a copy of all Proposed Transaction records utilized at closing, including any source documentation supporting the original cost of the Transmission Facilities, and henceforth shall be directed to maintain the plant records in accordance with the USOA.

(5) The Company shall file with the Commission a copy of FERC's approval of Dominion's plan to amend its Network Integration Transmission Service formula rate to continue the existing cost allocation through charges back to the Allegheny Power System transmission zone, when it becomes available.

CASE NO. PUR-2019-00052
SEPTEMBER 16, 2019

JOINT PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY and THE ALLEGHENY GENERATING COMPANY

For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq*.

ORDER NUNC PRO TUNC

On April 1, 2019, Virginia Electric and Power Company ("Dominion" or the "Company") and Allegheny Generating Company ("Allegheny") (collectively, "Petitioners") filed a joint petition with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act[1] and the Utility Facilities Act[2] for approvals related to the Company's acquisition from Allegheny of certain transmission facilities ("Transmission Facilities") that begin at the Bath County Pumped Storage Station located in Bath County, Virginia, and extend out towards the Company-owned Lexington Substation and Valley Substation. The Transmission Facilities include: (i) the Air Entrance Bushings; (ii) associated air bus leads connecting the generator step up transformers to the Air Entrance Bushings on the Gas Insulated Switchgear ("GIS"), including associated lightning arresters and Coupling Capacitor Potential Devices; (iii) the GIS; (iv) the 500 kilovolt ("kV") Bath-Lexington #547 transmission line; (v) the 500 kV Bath-Valley #548 transmission line, and (vi) associated protective relaying, control, and communications.

Dominion requests Commission approval to acquire the Transmission Facilities from Allegheny pursuant to the Utility Transfers Act, and Allegheny requests Commission approval to transfer the Transmission Facilities to Dominion. In addition, Dominion requests that the Commission approve and amend the certificate of public convenience and necessity ("CPCN") for the acquisition and operation of the Transmission Facilities pursuant to the Utility Facilities Act. Collectively, the approvals requested herein are referred to as the "Proposed Transaction."

On July 19, 2019, the Commission issued an Order Granting Approval ("July 19 Order"), which among other things, directed the issuance of new certificates for the Transmission Facilities. Upon further review, however, it has been determined that one of the certificates was misidentified in Ordering Paragraph (2).

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that an Order *Nunc Pro Tunc* should be entered to revise Ordering Paragraph (2) of the July 19 Order.

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[1] Section 56-88 *et seq*. of the Code of Virginia ("Code").

[2] Code § 56-265.1 *et seq*.

Accordingly, IT IS ORDERED THAT:

(1) Ordering Paragraph (2) of the July 19 Order is removed and replaced, *nunc pro tunc*, with the following:

(2) Upon Petitioners filing of a Report of Action with the Commission and pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission will issue the following CPCNs to Dominion:

Certificate No. ET-210, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Bath County, authorized in Case No. PUR-2019-00052, all as shown on the map attached to the certificate.

Certificate No. ET-64aa, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Augusta County, all as shown on the map attached to the certificate, and to operate facilities as authorized in Case No. PUR-2019-00052, cancels Certificate No. ET-64z, issued to Virginia Electric and Power Company in Case No. PUR-2018-00186 on March 22, 2019.

Certificate No. ET-107l, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Rockbridge County, all as shown on the map attached to the certificate, and to operate facilities as authorized in Case No. PUR-2019-00052, cancels Certificate No. ET-107k, issued to Virginia Electric and Power Company in Case No. PUE-2013-00118 on March 25, 2014.

Certificate No. ET-211, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Highland County, authorized in Case No. PUR-2019-00052, all as shown on the map attached to the certificate.

(3) The remainder of the July 19 Order remains in full force and effect.

(4) This case is dismissed.

APPENDIX

(1) The Commission's approval in this case shall have no accounting or ratemaking implications.

(2) Within sixty (60) days of completing the Proposed Transaction, the Petitioners shall file a Report of Action ("Report") with the Commission, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance. The Report shall include the following information: (1) the effective date of the Proposed Transaction; (2) an executed copy of the Purchase and Sale Agreement; (3) the actual accounting entries, including any tax-related accounting entries, on the Petitioners' books to record the Proposed Transaction; and (4) a schedule to reconcile any differences between the accounting entries provided in the Petition and the accounting entries actually made at closing to record the Proposed Transaction. The Proposed Transaction accounting entries shall be in accordance with the Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts ("USOA") for electric utilities.

(3) Dominion's CPCNs shall be revised upon receipt of the Report to reflect the Proposed Transaction.

(4) The Petitioners shall be directed to retain a copy of all Proposed Transaction records utilized at closing, including any source documentation supporting the original cost of the Transmission Facilities, and henceforth shall be directed to maintain the plant records in accordance with the USOA.

(5) The Company shall file with the Commission a copy of FERC's approval of Dominion's plan to amend its Network Integration Transmission Service formula rate to continue the existing cost allocation through charges back to the Allegheny Power System transmission zone, when it becomes available.

CASE NO. PUR-2019-00054
SEPTEMBER 24, 2019

APPLICATION OF
ATMOS ENERGY CORPORATION

For approval of a SAVE Plan and Rider as provided by Chapter 26 of Title 56 of the Code of Virginia

ORDER APPROVING SAVE PLAN AND RIDER

On April 1, 2019, Atmos Energy Corporation ("Atmos" or "Company") filed its application with the State Corporation Commission ("Commission") for approval to implement a plan and rider pursuant to Chapter 26 of Title 56 of the Code of Virginia ("Code") – § 56-603 *et seq.* – Steps to Advance Virginia's Energy Plan ("SAVE") Act ("Application").[1] In its Application, the Company stated that it intends to spend approximately $107 million over the 14 years of its plan ("SAVE Plan").[2] Recovery would be through a rider ("SAVE Rider") on customer's bills authorized by the SAVE Act. The Company further requests authority to vary the annual investment up to ten percent above or below the projected amounts for each year of the SAVE Plan as well as a variance for ten percent more or less than the current estimates for the total investment for each category of infrastructure.[3]

As Atmos discussed in its Application, the SAVE Act provides for the recovery of the costs of replacing gas utility infrastructure to enhance system safety and reliability and which will reduce or have the potential to reduce greenhouse gas emissions.[4] The Company represented that the replacement of the SAVE eligible infrastructure would not increase revenues by directly connecting such infrastructure replacements and associated projects to new customers.[5] The Company further stated that the eligible infrastructure replacements and associated projects were not included in Atmos' rate base used to determine its current base non-gas rates.[6] The projects proposed in the Company's Application are the replacement of unlocatable plastic mains and associated services, replacement of 10 gate stations, replacement or improvement of 15 regulator stations, and replacement of 7 electrically shorted steel cased crossings.[7] The Company proposed that the monthly SAVE Rider would take effect with bills rendered on and after October 1, 2019.[8]

The Company stated that the Infrastructure Reliability and Replacement Adjustment, the SAVE Rider, would consist of two components: (1) Infrastructure Replacement Current Rate ("Projected Factor") to become effective with the first billing cycle in October 2019, and (2) the Infrastructure Replacement Reconciliation Rate ("True-up Factor") which is an annual true-up to be "calculated based on the actual cost of service using the same calculations and formulas as used to calculate the Projected Factor."[9] The Company stated that following approval of the SAVE Plan, it would file an application on June 1 of each year through 2032 for approval of its Projected Factor for the upcoming SAVE Plan year and that it would include a proposed True-up Factor in its annual filing on June 1 of every year beginning in the third year through 2035.[10]

On April 18, 2019, the Commission issued an Order for Notice and Hearing that, among other things: (1) docketed this proceeding; (2) required public notice of the Application; (3) established procedures for participation in this matter; (4) required the Staff of the Commission ("Staff") to investigate the Application and file testimony on its findings; (5) scheduled a public hearing on the Application; and (6) appointed a Hearing Examiner to conduct all further proceedings on this matter on behalf of the Commission and to file a final report. The Commission did not receive any notices of participation in this matter.

A hearing was held on July 16, 2019.

On August 7, 2019, the Report of Alexander F. Skirpan, Jr., Chief Hearing Examiner ("Hearing Examiner's Report" or "Report"), was filed. As noted in the Report, by the time of the hearing there was only one issue[11] in contention between the Company and Staff: whether the SAVE Rider should be designed as a fixed charge, as proposed by Atmos, or as a volumetric charge, as proposed by Staff.[12] In his Report, the Hearing Examiner summarized the history and record in this case and recommended that the Commission enter an order that: (1) adopts the findings contained in the Report; (2) approves the Company's Application and proposed SAVE Rider consistent with the recommendations in the Report; and (3) dismisses this case from the Commission's docket of active cases and passes the papers in the record to the file for ended causes.[13]

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[1] As provided by § 56-604 B of the Code, the Commission shall approve or deny the Company's Application within 180 days.

[2] Ex. 2 (Application) at 3.

[3] *Id.* at 5.

[4] *Id*. at 3.

[5] *Id.* at 5.

[6] *Id.*

[7] *Id.* at 3-4.

[8] *Id.* at 2; Ex. 4 (Martin Direct) at 5.

[9] Ex. 2 (Application) at 6-7.

[10] *Id.* at 8.

[11] The other issues noted in prefiled testimony were resolved prior to the hearing. Hearing Examiner's Report at 15-16.

[12] *Id.* at 17.

[13] *Id.* at 20-21.

Specifically, the Hearing Examiner found that (i) the investments made by the Company in its proposed SAVE Plan meet the requirements of the SAVE Act, (ii) the SAVE Plan should be approved for a five-year period as agreed by Atmos and Staff, (iii) the Company should be granted the flexibility to spend ten percent above or below the projected level in any SAVE Plan year and, on a cumulative basis, to spend ten percent more or less than the total SAVE Plan costs as agreed by Atmos and Staff, (iv) the revenue requirement for the first year of the SAVE Plan is $83,646,[14] (v) the SAVE Plan revenue requirement should be allocated to the Company's rate classes using the Seabord Allocator as agreed to by the Company and Staff, and (vi) rates for the SAVE Rider should be on a fixed charge basis.[15]

On August 14, 2019, the Company filed Comments supporting the findings and recommendations in the Report. Also on August 14, 2019, Staff filed Exceptions to the Report on the finding that the SAVE Rider be recovered on a fixed charge basis.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Hearing Examiner's Report should be adopted in its entirety and that the Company's SAVE Plan and Rider satisfy the statutory provisions of the SAVE Act and should, therefore, be approved. With regards to the sole contested issue on the collection method for the SAVE Rider, we herein approve a fixed charge recovery as recommended by the Hearing Examiner. As properly noted by the parties and the Hearing Examiner, when Atmos files a rate case, we will have the discretion to then determine how costs associated with the SAVE Plan are recovered in base rates.[16]

Accordingly, IT IS SO ORDERED THAT:

(1) The SAVE Plan, as permitted by § 56-603 *et seq*. of the Code, is hereby approved as set forth in this Order Approving SAVE Plan and Rider.

(2) The SAVE Rider, as permitted by § 56-603 *et seq*. of the Code, is approved as set forth in this Order Approving SAVE Plan and Rider, and rates consistent with this Order shall become effective commencing with bills rendered on and after October 1, 2019.

(3) The findings and recommendations of the August 7, 2019 Hearing Examiner's Report are hereby adopted.

(4) Atmos shall forthwith file with the Clerk of the Commission and with the Commission's Division of Energy Regulation and Utility Accounting and Finance, in accordance with this Order, revised rate schedules and terms and conditions of service for the SAVE Rider, with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order Approving SAVE Plan and Rider. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gove/case.

(5) At least thirty (30) days prior to the specific filings required as part of the SAVE Plan, as approved by the Commission in this Order Approving SAVE Plan and Rider, the Company shall provide information related to such filings to the Staff, upon request.

(6) This matter is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

[14] A five year budget analysis was included in the Staff's analysis. *Id.* at 11.

[15] *Id.* at 20.

[16] Hearing Examiner's Report at 18 (citing Tr. at 8, 22, 25, 44, 46-47).

CASE NO. PUR-2019-00055
APRIL 18, 2019

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of service agreements

ORDER GRANTING INTERIM AUTHORITY

On April 1, 2019, Washington Gas Light Company ("WGL" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval of a revised service agreement between WGL and SEMCO Energy, Inc. ("SEMCO"),[1] and a new affiliate service agreement between WGL and AltaGas, Ltd. ("AltaGas"), WGL's parent company since the merger that was completed on July 6, 2018.[2] The Application states that the proposed shared services to SEMCO and AltaGas will be pursuant to "substantially similar terms and conditions as the Commission has previously approved."[3]

[1] The Commission approved shared service agreements between WGL and several affiliates, including SEMCO, in Case No. PUR-2018-00130. *See Application of Washington Gas Light Company, For approval of service agreements*, Case No. PUR-2018-00130, Doc. Con. Cen. No. 190120020, Final Order (Dec. 17, 2018). WGL proposes to provide the following additional shared services to SEMCO: Strategy and Corporate Development; Internal Audit, Finance; Utility Operations, Engineering, Construction and Safety; Information Technology; Executive Officer; Human Resources; Payroll and Benefits; Regulatory Affairs; Corporate Communications; Sustainability; and Security and Business Continuity Development. Application at 9-10.

[2] The Commission approved this merger in Case No. PUR-2017-00049. *See Joint Petition of Washington Gas Light Company, WGL Holdings, Inc., and AltaGas Ltd., For approval of an acquisition of control of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00049, 2017 S.C.C. Ann. Rept. 492, Final Order (Oct. 20, 2017).

[3] Application at 9.

In addition, WGL requests interim authority to provide specific services to SEMCO and AltaGas, pending Commission review of the Application. WGL states that the Company's charges for the services provided pursuant to interim authorization will be consistent with prior Commission authorization for other shared services, and the Commission's pricing standard applicable to affiliate transactions.[4]

The specific services for which WGL seeks authority to provide on an interim basis include the following: (1) to evaluate or assist with implementation of new management tools (SEMCO and AltaGas);[5] (2) to negotiate for goods and services for the AltaGas enterprise;[6] (3) to support the development and preparation of a climate business plan required by merger commitment (AltaGas);[7] (4) to support the commissioning of third party study for renewable gas facilities and development of renewable resources required by merger commitments (AltaGas);[8] and (5) to prepare and provide Internal Audit services to SEMCO.[9]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that WGL's request for interim authority to provide certain services to SEMCO and AltaGas on an interim basis, as described herein, pending a final order on the Company's Application, should be granted.[10]

Accordingly, IT IS ORDERED THAT:

(1) This case hereby is docketed and assigned Case No. PUR-2019-00055.

(2) WGL's request for interim authority to provide certain services to SEMCO and AltaGas on an interim basis, as described herein, pending a final order on the Company's Application, hereby is granted.

(3) This case is continued generally pending further order of the Commission.

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[4] *Id.* at 3.

[5] *See id.* at 3-5, 10-11.

[6] *See id.* at 5-6, 11. The Company states that it is already authorized to negotiate and support contracts for goods and services for several AltaGas subsidiaries, including SEMCO. Application at 5.

[7] *See id.* at 6, 11.

[8] *See id.* at 6-7, 11.

[9] *See id.* at 7, 10.

[10] The approval granted herein terminates upon the entry of the Commission's final order in this proceeding.

CASE NO. PUR-2019-00055
JUNE 27, 2019

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For approval of service agreements

ORDER GRANTING APPROVAL

On April 1, 2019, Washington Gas Light Company ("WGL" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),[1] requesting approval of two service agreements, under which WGL proposes to provide certain general administrative shared services ("Shared Services") to two of its affiliates.

Specifically, the Company requests approval of a revised service agreement between WGL and SEMCO Energy, Inc. ("SEMCO") ("Revised Agreement"),[2] and a new affiliate service agreement between WGL and AltaGas, Ltd. ("AltaGas") ("New Agreement"), WGL's parent company since the merger that was completed on July 6, 2018 ("Merger").[3] According to the Company, the terms and conditions for providing the Shared Services are substantially similar to those the Commission has approved previously with respect to services the Company provides to its other affiliates.[4] The Company requests that the Revised Agreement and the New Agreement (collectively, the "Service Agreements") be effective for a period of five years from the date of the Commission's order in this proceeding.

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[1] Code § 56-76 *et seq.* ("Affiliates Act").

[2] The Commission approved shared service agreements between WGL and several affiliates, including SEMCO, in Case No. PUR-2018-00130. *See Application of Washington Gas Light Company, For approval of service agreements*, Case No. PUR-2018-00130, Doc. Con. Cen. No. 190120020, Final Order (Dec. 17, 2018).

[3] The Commission approved this Merger in Case No. PUR-2017-00049. *See Joint Petition of Washington Gas Light Company, WGL Holdings, Inc., and AltaGas Ltd., For approval of an acquisition of control of a public utility pursuant to Chapter 5 of Title 56 of the Code of Virginia*, Case No. PUR-2017-00049, 2017 S.C.C. Ann. Rept. 492, Final Order (Oct. 20, 2017).

[4] Application at 2.

In Case No. PUR-2018-00130, WGL received Commission approval to provide two Shared Services to SEMCO: Office of General Counsel and Supply Chain services. The Company states that as post-Merger integration continues, WGL proposes to provide the following additional Shared Services to SEMCO under the Revised Agreement: Strategy and Corporate Development; Internal Audit; Finance; Utility Operations, Engineering, Construction and Safety; Information Technology; Executive Officer; Human Resources; Payroll and Benefits; Regulatory Affairs; Corporate Communications; Sustainability; Security; and Business Continuity Development.[5] The Company represents that it will provide the proposed Shared Services to SEMCO on an as-needed basis.

Under the proposed New Agreement, the Company proposes to provide the following Shared Services to AltaGas: Office of General Counsel; Internal Audit; Corporate Communications; Corporate Public Policy; Utility Operations, Engineering, Construction and Safety; Information Technology; Human Resources; Payroll and Benefits; Finance; Accounting and Tax; Regulatory Affairs; Supply Chain; Strategy and Corporate Development; Security; Sustainability; and Business Continuity Development.[6] The Company represents that it will provide the proposed Shared Services to AltaGas on an as-needed basis.[7]

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the Service Agreements are in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Company is hereby granted approval to enter into the Service Agreements effective as of the date of this Order, subject to the requirements set forth in the Appendix attached hereto.

(2) This case is dismissed.

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[5] *Id.* at 9-10. *See also* Appendix E to the Application.

[6] *Id.* at 10-11.

[7] *Id.* at 10.

APPENDIX

(1) The Commission's approval of the Revised Agreement and New Agreement (collectively, the "Service Agreements") shall be limited to five (5) years from the date of the Order in this case. Should the Company wish to continue under either of the Service Agreements beyond that date, separate Commission approval shall be required.

(2) The Commission's approval shall have no accounting or ratemaking implications.

(3) The Commission's approval shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq*., hereafter.

(4) The Commission's approval shall be limited to the specific Shared Services identified in each of the Service Agreements. Should either SEMCO or AltaGas (collectively, the "Affiliates") wish to receive additional Shared Services from WGL that are not specifically identified in their respective Service Agreements, separate Commission approval shall be required.

(5) Separate Affiliates Act approval shall be required for WGL to provide Shared Services to the Affiliates through the engagement of any affiliated third parties under the Service Agreements.

(6) Separate Commission approval shall be required for any changes in the terms and conditions of the Service Agreements, including any changes in the Shared Services provided, allocation methodologies, Shared Service category descriptions, and successors or assigns.

(7) Separate Affiliates Act approval shall be required for the transfer of any goods or equipment between WGL and the Affiliates.

(8) The Company shall bear the burden of proving, in any rate proceeding, that the Shared Services provided to the Affiliates under the Service Agreements are priced at the higher of cost or market where a market for such Shared Services exists.

(9) Staff shall be provided access to the books and records of AltaGas and AltaGas Services (U.S.) Inc. ("ASUS"),[1] as necessary.[2]

(10) Detailed records shall be maintained with supporting documentation for all: (a) AltaGas and ASUS original documents (including invoices, timesheets, etc.); (b) AltaGas and ASUS accounting entries; (c) Canadian/U.S. exchange rates; (d) SEMCO's Modified Massachusetts Formula ("MMF") and WGL's MMF calculations; and (e) any other data used to determine WGL's corporate services bill, which shall be available to Staff upon request.[3]

(11) The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

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[1] ASUS is a direct subsidiary of AltaGas, and is the U.S. holding company for AltaGas' investments in the United States. Both WGL and SEMCO are indirect wholly owned subsidiaries of ASUS.

[2] This requirement is consistent with the Commission's directive in Case No. PUR-2017-00177. *See Application of Washington Gas Light Company, For approval of service agreement*, Case No. PUR-2017-00177, Doc. Con. Cen. No. 180320333, Order Granting Approval (Mar. 15, 2018) at Appendix, Requirement (2).

[3] This requirement is also consistent with the Commission's directive in Case No. PUR-2017-00177. *Id.* at Appendix, Requirement (3).

(12) The Company shall file with the Commission signed and executed copies of the Service Agreements approved herein within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(13) The Company shall provide to the UAF Director an updated Cost Allocation Manual reflecting any necessary changes as a result of the AltaGas Merger, or the addition of the New Agreement.

(14) All transactions associated with the Service Agreements shall be included in WGL's Annual Report of Affiliate Transactions ("ARAT"), submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. All WGL ARAT reporting shall include, but not be limited to, the following information:

(a) The most recent Case Number under which the agreement was approved;
(b) The name and type of activity performed by each affiliate under the agreement; and
(c) A schedule, in Excel electronic spreadsheet format with formulas intact, listing the prior year's transactions by month, type of service, FERC account, and dollar amount (as the transaction is recorded on the utility's books).

(15) In the event that WGL's annual informational filings or expedited or general rate case filings are not based on a calendar year, then WGL shall include the affiliate information contained in its ARAT for the test period in such filings.

(16) The Commission's approval granted in this case shall supplement the approval granted in Case No. PUR-2018-00130.

CASE NO. PUR-2019-00057
APRIL 4, 2019

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY, *et al.*

For authority to engage in affiliate transactions

ORDER GRANTING INTERIM AUTHORITY

On April 2, 2019, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU-ODP" or "Company"), LG&E and KU Energy LLC, Louisville Gas and Electric Company, LG&E and KU Services Company, PPL Corporation, PPL Electric Utilities Corporation, PPL Services Corporation, and PPL Power Insurance, Ltd. (collectively, "Applicants"), filed a joint application ("Application") with the State Corporation Commission ("Commission") for authority, pursuant to Chapter 4 of Title 56 of the Code of Virginia, to engage in affiliate transactions and renew their Utility Services Agreement for Goods Not Readily Available from the Market, Obsolete, or Otherwise Surplus ("Goods Services Agreement").

On April 3, 2019, the Company filed a motion for interim authority ("Motion") to continue to engage in affiliate transactions under the terms of the Goods Services Agreement as approved by the Commission in Case No. PUE-2014-00008.[1] In its Motion, KU-ODP states that the Commission approved the Goods Services Agreement for a five-year term that lapsed on March 21, 2019.[2] Because of this oversight, for which the Company has expressed its regrets, KU-ODP requests interim authority to engage in affiliate transactions under the Goods Services Agreement pending the Commission's final order and disposition of the Company's Application in this case.[3] The Company submits that interim authority would allow for the continued supply and provision of safe and reliable electric utility service by the Applicants.[4]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that KU-ODP's request for interim authority to continue to engage in affiliate transactions under the terms of the Goods Services Agreement, pending a final order on the Company's Application, should be granted.[5]

Accordingly, IT IS ORDERED THAT:

(1) This case hereby is docketed and assigned Case No. PUR-2019-00057.

(2) KU-ODP hereby is granted interim authority to continue to engage in affiliate transactions under the terms of the Goods Services Agreement, pending a final order of the Commission.

(3) This case is continued generally pending further order of the Commission.

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[1] *Joint Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, LG&E and KU Energy LLC, Louisville Gas and Electric Company, LG&E and KU Services Company, PPL Corporation, PPL Electric Utilities Corporation, PPL Services Corporation, PPL Power Insurance, Ltd., and PPL Energy Supply LLC, For Authority to Engage in Affiliate Transactions*, Case No. PUE-2014-00008, 2014 S.C.C. Ann. Rept. 375, Order Granting Approval (Mar. 21, 2014). On October 6, 2016, the Commission approved a revision to the Goods Services Agreement that removed PPL Energy Supply LLC.

[2] Motion at 2.

[3] *Id.*

[4] *Id.*

[5] The approval granted herein terminates upon the entry of the Commission's final order in this proceeding.

CASE NO. PUR-2019-00057
MAY 9, 2019

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY, LOUISVILLE GAS AND ELECTRIC COMPANY, LG&E AND KU SERVICES COMPANY, PPL ELECTRIC UTILITIES CORPORATION, and PPL SERVICES CORPORATION

For authority to engage in affiliate transactions

ORDER GRANTING APPROVAL

On April 2, 2019, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP"), Louisville Gas and Electric Company ("LG&E"), LG&E and KU Services Company ("LK Services"), PPL Electric Utilities Corporation ("PPL Electric"), and PPL Services Corporation ("PPL Services") (collectively, "Applicants")[1] filed a joint application ("Application") with the State Corporation Commission ("Commission") requesting authority, pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),[2] to engage in affiliate transactions. The Applicants seek to renew the approval of the Utility Services Agreement for Goods Not Readily Available from the Market, Obsolete or Otherwise Surplus ("Goods Services Agreement"), which the Commission previously approved in Case No. PUE-2014-00008[3] for five years from the effective date of its March 21, 2014 Order Granting Approval.

On April 3, 2019, the Applicants filed a Motion for Interim Authority, in which they acknowledged that they inadvertently allowed the approval for the Goods Services Agreement to expire, apologized for the oversight, and requested interim authority to operate under the Goods Services Agreement pending the Commission's final order in this case. On April 4, 2019, the Commission issued an Order Granting Interim Authority. On April 9, 2019, the Applicants supplemented and completed the filing of the Application with an additional verified signature.

Under the Goods Services Agreement, KU/ODP, LG&E, and PPL Electric will carry out the limited transfer of equipment and parts routinely used for the repair, maintenance, or operation of electric utility systems, including transformers, motors, pumps, switches, wire and cable. ("Goods"). The Applicants represent that the vast majority of Goods have been and will continue to be purchased from third-party vendors using competitive bidding practices. The routine equipment and parts transfers will occur only:

> (a) upon request, (b) when the requesting Party ("Requesting Company") believes in good faith that the [G]oods are not readily available and are needed to restore or maintain electric service in a timely fashion and (c) the responding party ("Responding Company") believes in good faith that the [G]oods can be provided without harm to the Responding Company and its native-load customers, if any.[4]

In addition, the Regulated Utilities may sell obsolete or surplus inventory among themselves pursuant to Section (3) of the Goods Services Agreement. The inventory transfers will occur only:

> (a) upon request and (b) when the Responding Party that desires to sell the [G]oods believes in good faith that the [G]oods are obsolete or surplus inventory.[5]

Collectively, the transfers of equipment and parts, and the transfers of obsolete or surplus inventory, are referred to hereafter as Transactions. The Goods Transactions will occur at cost since KU/ODP, LG&E, and PPL Electric are rate-regulated electric utilities ("Regulated Utilities").

LK Services and PPL Services ("Service Companies") are parties to the Goods Services Agreement because they provide payment, billing, and accounting services to support the transfer of Goods between the Regulated Utilities. LK Services will provide such services to KU/ODP at cost in accordance with the 2015 Amended and Restated Utility Services Agreement approved in Case No. PUR-2015-00126.[6] PPL Services will not provide any direct or indirect services to KU/ODP. The Goods Services Agreement will be governed by the laws of the Commonwealth of Kentucky, and its term will be five years from the date of the Commission's approval in this case.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through Staff's action brief, is of the opinion and finds that the proposed Goods Services Agreement is in the public interest and shall be approved subject to the requirements listed in the Appendix attached to this Order. In the future, we remind the Applicants to be diligent in complying with the requirements of our Affiliates Act orders.

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[1] The initial Application listed LG&E and KU Energy LLC, PPL Corporation, and PPL Power Insurance, Ltd., as Applicants. By letter dated April 8, 2019, the Applicants amended the Application to remove the three companies from the list of Applicants.

[2] Code § 56-76 *et seq*. ("Affiliates Act").

[3] *Joint Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, LG&E and KU Energy LLC, Louisville Gas & Electric Company, LG&E and KU Services Company, PPL Corporation, PPL Electric Utilities Corporation, PPL Services Corporation, PPL Power Insurance, Ltd., and PPL Energy Supply LLC, For Authority to Engage in Affiliate Transactions*, Case No. PUE-2014-00008, 2014 S.C.C. Ann. Rept. 375, Order Granting Approval (Mar. 21, 2014). On June 6, 2016, the Commission approved a revision to the Goods Services Agreement that removed PPL Energy Supply LLC.

[4] Goods Services Agreement at 2, Case No. PUE-2014-00008, Doc. Con. Cen. No. 161020014 (Oct. 12, 2016).

[5] *Id.*

[6] *Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, For authority to engage in affiliate transactions*, Case No. PUE-2015-00126, 2016 S.C.C. Ann. Rept. 318, Order Granting Authority (Feb. 24, 2016).

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Goods Services Agreement hereby is approved subject to the requirements listed in the Appendix attached to this Order.

(2) This case is dismissed.

APPENDIX

1) The Commission's approval of the Goods Services Agreement shall extend for five years from the effective date of its Order Granting Approval in this case. Should the Applicants wish to extend the Goods Services Agreement beyond that date, separate approval shall be required.

2) The Commission's approval shall have no accounting or ratemaking implications.

3) The Commission's approval shall be limited to the specific Transactions identified in the Goods Services Agreement. Should the Applicants wish to engage in additional Transactions not specifically identified in the Goods Services Agreement, separate approval shall be required.

4) Separate Commission approval shall be required for KU/ODP to engage in Transactions with affiliated third parties other than those identified in the Goods Services Agreement.

5) KU/ODP shall be required to maintain records demonstrating that the Goods are transferred at fully distributed cost and that the Transactions are cost beneficial to Virginia ratepayers.

6) The approval granted in this case shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq*. hereafter.

7) Separate Commission approval shall be required for any changes in the terms and conditions of the Goods Services Agreement.

8) The Commission shall reserve the right to examine the books and records of KU/ODP and any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

9) KU/ODP shall file an executed copy of the Goods Services Agreement within thirty (30) days after the effective date of the Order Granting Approval in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

10) KU/ODP shall include all Transactions associated with the Goods Services Agreement in its Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT shall include:

(a) the case number in which the Goods Services Agreement was approved;

(b) the names of all direct and indirect affiliated parties to the Goods Services Agreement; and

(c) a calendar year annual schedule showing the Goods Services Agreement's Transactions by month, FERC account, and amount as they are recorded on KU/ODP's books.

CASE NO. PUR-2019-00061
SEPTEMBER 25, 2019

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval to amend its SAVE Plan and Rider as provided by Chapter 26 of Title 56 (§§ 56-603 *et seq.*) of the Code of Virginia

FINAL ORDER

On April 8, 2019, Virginia Natural Gas, Inc. ("VNG" or "Company") filed with the State Corporation Commission ("Commission") an Application for approval of an amended Steps to Advance Virginia's Energy plan ("SAVE" or "SAVE Plan") and Rider ("Application") pursuant to Chapter 26 of Title 56 of the Code of Virginia ("Code"), §§ 56-603 *et. seq.*, (the "SAVE Act"). Specifically, the Company seeks approval of a third amended SAVE Plan ("SAVE Phase 3") amending the Company's SAVE Plan, which the Commission first approved in Case No. PUE-2012-00012[1] and amended in Case No. PUE-2015-00121.[2] In this Application, VNG proposes to increase its authorized investment under the SAVE Phase 3 from $35 million to $40 million in 2019, and to extend the SAVE Plan for an additional five years until 2024, with a proposed 2020 investment of $50 million, a proposed 2021 investment of $60 million, and a proposed 2022-2024 annual investment of $70 million, for a total six-year investment capped at $370 million.[3] Per the Company, the proposed $370 million cap would allow for "up to" a $6 million variance in 2019, an $8 million variance in 2020, a $9 million variance in 2021, and a $10 million variance in each year from 2022-2024, with a total program variance of up to $10 million.[4]

The Company proposed to continue to recover its replacement costs through a monthly rider on customers' bills, designated as Rider E. It would consist of two factors: (1) an Annual SAVE Factor ("ASF"); and (2) a SAVE Actual Cost Adjustment ("SACA") that will include any over- or under-recovered revenue from the prior year's ASF and be adjusted for the carrying cost on the over- or under-recovered position.[5] According to the Company, the SACA will also include a crediting mechanism that ensures SAVE Phase 3 eligible plan costs remain "separate from and in addition to all other costs VNG is permitted to recover . . . ."[6]

In its Application, VNG stated that the SAVE Phase 3 was designed to facilitate the cumulative replacement of approximately $370 million of eligible natural gas infrastructure through the year 2024. Included in this replacement schedule are: Aldyl-A and other plastic pipe installed prior to 1985, cast and wrought iron main, bare and ineffectively coated steel main installed prior to 1971, bare and ineffectively coated steel service lines installed prior to 1971, and copper.[7]

On May 9, 2019, the Commission issued an Order for Notice and Comment ("Procedural Order") that, among other things, directed the Company to provide notice to the public of the Application; provided an opportunity for interested persons to file a notice of participation in this proceeding and file comments or request a hearing on the Application; and directed Commission Staff ("Staff") to conduct an investigation of the Application and present its findings and recommendations in a report ("Staff Report" or "Report"). The Procedural Order further noted that the Company's proposed SAVE Phase 3 contained amendments to items previously approved under VNG's currently effective SAVE Plan ("SAVE Phase 2"), along with additional expenditures for improvements that were developed through the Company's Distribution Integrity Management Program ("DIMP") process that occurred post SAVE Phase 2 approval.[8]

On June 14, 2019, the Company filed proof of notice of its Application as required by the Procedural Order. No comments, notices of participation, or requests for hearing were received.

Staff filed its Report on August 9, 2019. After concluding that the Company's proposed SAVE Phase 3 qualifies as SAVE-eligible, Staff made four conclusions and recommendations in its Report.[9] With regards to the Company's requested variance, which is the subject of the first recommendation, Staff presented two alternatives. The first alternative provided for a rolling variance subject to cumulative and annual variance limitations ("Option 1(a)").[10] The second alternative provided for no variance at all ("Option 1(b)").[11]

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[1] *Application of Virginia Natural Gas, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604*, Case No. PUE-2012-00012, 2012 S.C.C. Ann. Rept. 393, Order Approving SAVE Plan and Rider (June 25, 2012).

[2] *Application of Virginia Natural Gas, Inc., For approval to amend its SAVE Plan and Rider pursuant to Virginia Code § 56-604*, Case No. PUE-2015-00121, 2016 S.C.C. Ann. Rept. 314, Final Order (Mar. 9, 2016).

[3] Application at 1.

[4] *Id*. at 1-2.

[5] *Id*. at 11.

[6] *Id*.

[7] *Id*. at 10.

[8] Procedural Order at 1. In lieu of bifurcating the Company's requests, the Company and the Staff agreed to have this case considered under the 180-day timeline that is utilized for new SAVE Plan applications. Procedural Order at 2.

[9] Report at 11-12.

[10] Report at 11.

[11] *Id.*

Staff's second recommendation was that with any future amendments or extensions of the SAVE Plan, the Company should provide a detailed and thorough cost-benefit analysis of the effectiveness of its SAVE Plan with the application.[12] Staff further recommended that relocation expenses be calculated net of any reimbursement proceeds and that the Company continue filing its annual reports by January 31.[13]

The Company filed a Response to the Staff Report ("Response") on August 23, 2019. In its Response, the Company stated that it "did not object to two of Staff's four recommendations and conclusions."[14] VNG specifically did not object to Staff's recommendation (3) that the Commission require the Company to calculate relocation costs, identified by the DIMP criterion, net of any reimbursement proceeds.[15] Additionally, the Company did not object to Staff's recommendation (4) that the Commission require the Company to continue to provide annual reports to the Division of Utility Railroad Safety by January 31 of each year.[16]

Further, the Company supported approval of Staff's recommended Option (1)(a) concerning a rolling cumulative spending variance, subject to the clarifications detailed in its Response. The Company indicated that after clarifying discussions with Staff it now understood how Staff intends the variance to apply on a rolling and cumulative basis.[17] Specifically, it was the Company's understanding that Staff's proposed $5 million variance would apply continually to each yearly approved spend and on a cumulative rolling basis to the "Phase-to-Date" approved spend, with a capped total program investment of $365 million for the period 2019-2024.[18] In support of its understanding of the $5 million cumulative rolling basis variance, the Company provided two tables outlining two different scenarios under which it could or could not collect monies in accordance therewith.[19] Based on these clarifications, the Company stated that it did not object to Staffs recommended Option 1(a) and asked that the Commission issue an Order allowing for up to a $5 million variance that would apply continually, to each yearly approved spend and on a cumulative rolling basis, to the "Phase-to-Date" approved spend, with a capped total program investment of $365 million for the period 2019-2024.[20]

The Company opposed Staff's recommendation (2) to require a detailed and thorough cost-benefit analysis with future SAVE amendment or extension applications as "beyond the scope of the SAVE Act provisions and potentially inconsistent with the policy goals underlying the Act."[21] Additionally, the Company claimed that the information Staff recommends be provided through the cost-benefit analysis, is "already submitted to the Commission . . . [and] . . . [t]herefore, Staff's proposed requirement appears to be duplicative and unnecessary."[22] The Company further claimed that a cost-benefit analysis is not required by the SAVE Act and noted (with statutory citations referring thereto) that the General Assembly could most certainly have required a cost-benefit analysis under the SAVE Act, since it has done so in other legislation, but that it had chosen not to so act.[23] VNG further noted that natural gas distribution risk failures cannot be "reduced to traditional cost-benefit analysis that [are] used in other contexts, unrelated to risk mitigation."[24] The Company ended its objection on the grounds that the detailed cost-benefit analysis information requested by Staff is "already provided to the Commission" in annual filings of completed SAVE projects and forth coming calendar year SAVE projects, along with VNG's voluntary provision of leak data twice annually, and in the information provided to the Commission in each subsequent SAVE Plan and Rider Amendment petition.[25]

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Company's SAVE Plan and Rider[26] satisfy the statutory provisions of the SAVE Act and should, therefore, be approved as described herein. With respect to the two variance alternatives recommended by Staff, the Company's Response indicates that it agrees to the $5 million annual, cumulative and rolling spending variance (Option 1(a)).[27]

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[12] *Id.* at 11-12.

[13] Report at 12.

[14] Response at 2.

[15] *Id.*

[16] *Id.* at 3.

[17] *Id.* at 4.

[18] *Id*.

[19] *Id*. at 4-5.

[20] *Id*. at 5.

[21] *Id*. at 7.

[22] *Id*.

[23] *Id*. at 7-8.

[24] *Id.* at 7.

[25] *Id*. at 8-9.

[26] Approval of the SAVE Rider in this proceeding does not supersede the VNG SAVE Rider recently approved in Case No. PUR-2019-00095 because the information on revenue requirement and rates filed with this Application are illustrative only. No new rates are proposed with this Application, and any changes from the currently approved Rider under Case No. PUR-2019-00095 would be addressed in the Company's next annual SAVE Rider update in 2020. Direct Testimony of Blake T. O'Farrow at 13; Staff Report at 5.

[27] Because there is support by the Company for Option 1(a), we do not need to reach a decision on Option 1(b).

The sole contested issue is whether the Company should be required to submit a detailed and thorough cost-benefit analysis of the effectiveness of its SAVE Plan with future requests to amend or extend the SAVE Plan. As the SAVE Act requires a determination of whether the SAVE Plan is reasonable and prudent, sufficient information relevant towards determining the statutory standard should be provided by the Company in future filings.

As recommended by Staff and not opposed by the Company, VNG shall calculate relocation costs, identified by the DIMP criterion, net of any reimbursement proceeds, and it will continue to make its annual, January 31 SAVE filings with the Commission as described in the Staff Report.

Accordingly, IT IS SO ORDERED THAT:

(1) The SAVE Plan and amendment thereto, as well as the Company's Rider E, as permitted by § 56-603 *et seq*. of the Code is hereby approved as set forth in this Final Order.

(2) VNG shall have up to a $5 million variance that applies continually to each early approved spend and on a cumulative rolling basis, to the "Phase-to-Date" approved spend, with a capped total program investment of $365 million, for the period 2019-2024.

(3) The Company shall calculate all relocation costs, identified by all available DIMP criterion, net of any reimbursement proceeds.

(4) VNG shall continue to provide annual reports to the Division of Utility and Railroad Safety by January 31 of each year detailing the (i) a list of completed projects for the previous calendar year as well as a list of planned projects for the current calendar year; and (ii) at a minimum, a project description, location, number of services or miles of main involved, size, type of pipe, pressure, and class location.

(5) At least thirty (30) days prior to the specific filings required as part of the SAVE Plan, as approved by the Commission in this Order Approving SAVE Plan and Rider, the Company shall provide information related to such filings to the Staff, upon request.

(6) This matter is hereby dismissed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. PUR-2019-00062
JULY 10, 2019

APPLICATION OF
EAST COAST TRANSPORT, INC., TENASKA, INC., TENASKA VIRGINIA PARTNERS, L.P., AND
TENASKA OPERATIONS, INC.

For approvals pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On April 12, 2019, East Coast Transport, Inc. ("ECTI"), Tenaska, Inc. ("Tenaska"), Tenaska Virginia Partners, L.P. ("Tenaska Virginia"), and Tenaska Operations, Inc. ("Tenaska Operations") (collectively, "Applicants"), filed an application ("Application") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")[1] with the State Corporation Commission ("Commission") for continued approval of several agreements between the Applicants.

The Applicants seek renewed approval of three current agreements: (i) a Services Agreement between ECTI and Tenaska ("Services Agreement"); (ii) a Contract for Firm Wastewater Transportation Service between ECTI and Tenaska Virginia ("Wastewater Agreement"); and (3) an Operations and Maintenance Agreement between ECTI and Tenaska Operations ("O&M Agreement") (collectively, "Agreements").[2]

The Applicants represent that the proposed Agreements are necessary for the operation and maintenance ("O&M") of a 900 megawatt natural gas-fired electric generating facility in Fluvanna County, Virginia ("Fluvanna Facility") that is owned in part by Tenaska Virginia.[3] According to the Applicants, the Agreements contribute to the cost-effective O&M of the Fluvanna Facility and allow cost-based access to services that would not otherwise be available.[4] The Applicants further represent that the Agreements remain in the public interest.[5]

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through Staff's action brief, and having considered the Applicants' comments thereon, is of the opinion and finds that the proposed Agreements are in the public interest and, therefore, are approved subject to the requirements listed in the Appendix attached to this Order.[6]

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[1] Code § 56-76 *et seq.*

[2] The Commission previously approved a five-year extension for the Agreements in Case No. PUE-2014-00038. See Application of East Coast Transport, Inc., Tenaska, Inc., Tenaska Virginia Partners, L.P., and Tenaska Operations, Inc., For approval of arrangements between affiliates pursuant to Chapter 4 of Tide 56 of the Code of Virginia, Case No. PUE-2014-00038, 2014 S.C.C. Ann. Rept. 426, Order Granting Approval (June 24, 2014).

[3] Application at 2, 4.

[4] *Id*. at 6.

[5] *Id*.

[6] Our approval includes the finding that the market study for Tenaska Operations' services under the O&M Agreement needs to be updated to reflect current conditions in order to support the ongoing provision of services under the approved Agreements.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Agreements are hereby approved subject to the requirements listed in the Appendix attached to this Order.

(2) This case is dismissed.

APPENDIX

1) Approval of the Agreements shall be limited to five (5) years from the effective date of the Commission's Order in this case. Should the Applicants wish to extend the Agreements beyond that date, separate approval shall be required.

2) ECTI shall be required to update its market study to reflect current conditions.

3) ECTI shall be required to maintain records demonstrating that the Centralized Services costs charged to ECTI are cost beneficial to Virginia ratepayers. For all Centralized Services costs charged to ECTI where a market may exist, ECTI shall investigate whether comparable market prices are available, and if they exist, ECTI shall compare the market price to cost and pay the lower of cost or market to Tenaska and Tenaska Operations. Records of such investigations and comparisons shall be available to Staff upon request. ECTI shall bear the burden of proving that Tenaska or Tenaska Operations costs charged to ECTI are priced at the lower of cost or market where a market for such services exists.

4) The Commission's approval in this case supplements its Orders granting approval in Case Nos. PUE-2002-00303, PUE-2002-00552, PUE-2009-00042, PUE-2009-00066, and PUE-2014-00038.

5) The Commission's approval shall have no accounting or ratemaking implications.

6) The Commission's approval shall be limited to the specific services identified in each Agreement and detailed in prior case filings. Should ECTI wish to obtain or provide additional services not specifically identified in the Agreements, separate approval shall be required.

7) Separate Commission approval shall be required for affiliated third parties (other than Tenaska, Tenaska Operations, and Tenaska Virginia) to provide services to ECTI.

8) The approval granted in this case shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq*. hereafter.

9) Separate Commission approval shall be required for any changes in the terms and conditions of the Agreements.

10) The Commission shall reserve the right to examine the books and records of ECTI and any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

11) ECTI shall include all transactions associated with the Agreements in its Annual Reports of Affiliate Transactions ("ARAT") submitted to the Director of Utility Accounting and Finance on May 1 of each year, subject to administrative extension by the Director of Utility Accounting and Finance. The ARAT shall include:

(a) The case number in which the Agreements were approved;

(b) The names of all direct and indirect affiliated parties to the Agreements; and

(c) A calendar year annual schedule showing the Agreements' transactions by month, Federal Energy Regulatory Commission account, and amount as they are recorded in ECTI's books.

CASE NO. PUR-2019-00063
APRIL 19, 2019

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY and CARDINAL NATURAL GAS COMPANY

For authority to enter into affiliate agreements to provide and receive corporate and operational services under Chapter 4,Title 56 of the Code of Virginia

ORDER GRANTING INTERIM AUTHORITY

On April 16, 2019, Appalachian Natural Gas Distribution Company ("Appalachian" or "Company") and Cardinal Natural Gas Company (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") for authority, pursuant to Chapter 4 of Title 56 of the Code of Virginia, to enter into affiliate agreements ("Agreements") and for interim operating authority. Under the Agreements, the Applicants would provide and receive corporate and operational services, which the Commission previously approved for five years in Case No. PUE-2013-00067.[7]

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[7] *Application of Appalachian Natural Gas Distribution Company and Bluefield Gas Company, For authority to enter into affiliate agreements to provide and receive corporate and operational services under Chapter 4, Title 56 of the Code of Virginia*, Case No. PUE-2013-00067, 2013 S.C.C. Ann. Rept. 421, Order Granting Authority (Sept. 12, 2013).

Appalachian represents that Commission-granted authority for the Agreements lapsed on September 12, 2018, because of an administrative oversight for which the Company has expressed its regrets. Appalachian now requests interim authority to continue operating in accordance with the previously approved Agreements. The Company submits that the services provided under the Agreements have not changed and that its customers have continued to benefit from the operational efficiencies provided by the Agreements.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Appalachian's request for interim authority to continue operating in accordance with the previously approved Agreements, pending a final order on the Company's Application, should be granted.[8]

Accordingly, IT IS ORDERED THAT:

(1) This case hereby is docketed and assigned Case No. PUR-2019-00063.

(2) The Company hereby is granted interim authority to continue operating in accordance with the terms of the Agreements, pending a final order of the Commission.

(3) This case is continued generally pending further order of the Commission.

[8] The approval granted herein terminates upon the entry of the Commission's final order in this proceeding.

CASE NO. PUR-2019-00063
MAY 23, 2019

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY and CARDINAL NATURAL GAS COMPANY

For authority to enter into affiliate agreements to provide and receive corporate and operational services under Chapter 4, Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On April 16, 2019, Appalachian Natural Gas Distribution Company ("Appalachian") and Cardinal Natural Gas Company ("Cardinal")[1] (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") requesting authority for affiliate agreements ("Agreement(s)") to provide and receive corporate and operational services (collectively, "Services") under Chapter 4[2] of Title 56 of the Code of Virginia ("Code").

Specifically, the Applicants request: (1) authority for Appalachian to provide corporate services ("Corporate Services") to Cardinal pursuant to a Corporate Services Agreement; (2) authority for Appalachian to receive operational services ("Operational Services") from Cardinal to operate Appalachian's Bluefield, Virginia service area pursuant to an Operational Services Agreement; and (3) interim authority to continue operating under the previously approved Agreements pending the Commission's action in this case.[3]

Corporate Services Agreement

Under the Corporate Services Agreement, Appalachian will provide the following Corporate Services to Cardinal: (1) executive management; (2) supervision and oversight of compliance, safety, public awareness, and integrity management programs; (3) supervision of accounting and financial reporting; (4) general ledger accounting; (5) property accounting and reporting; (6) accounts payable; (7) regulatory reporting and compliance, including rate filings; (8) gas procurement; (9) equipment procurement; and (10) maintenance of public awareness and integrity management data.[4]

Appalachian will provide the Corporate Services to Cardinal at fully distributed cost with no markup as both Applicants are rate-regulated utilities and believe that a markup would unnecessarily inflate or otherwise skew the true cost of providing gas service for each utility. Appalachian represents that whenever possible, the costs will be directly assigned. Customer accounts expenses, sales expenses, administrative and general expenses, depreciation, and income tax costs will be allocated as described in Attachment A to the Corporate Services Agreement. Such costs are allocated primarily using billed volumes, which are adjusted annually.

[1] Cardinal, formerly known as Bluefield Gas Company, provides natural gas service to approximately 3,500 customers in and around the City of Bluefield and Mercer County, West Virginia, and to approximately 3,500 customers in the Counties of Harrison, Marion, and Preston, West Virginia.

[2] Code § 56-76 *et seq*. ("Affiliates Act").

[3] On April 19, 2019, the Commission granted the Applicants interim authority to continue operating under the terms of the Agreements, pending a final order on the Application. *See* Order Granting Interim Authority, Case No. PUR-2019-00063, Doc. Con. Cen. No. 190420220 (April 19, 2019). Previously granted authority lapsed due to an administrative oversight for which the Applicants expressed their regrets. *See id.*

[4] *See* Applicants' Response to Staff Data Request No. 1-1, attached to Staff's action brief filed in this case.

Operational Services Agreement

Under the Operational Services Agreement, Cardinal will operate Appalachian's natural gas distribution assets located in Tazewell County and the Town of Bluefield, Virginia. Appalachian will receive the following Operational Services from Cardinal: (1) distribution operations and maintenance services; (2) supplies and parts inventory services; (3) access to necessary tools and equipment; (4) customer accounts services, including meter reading and on-site customer service representatives; and (5) compliance and safety record maintenance services.[5] Cardinal will provide the operations personnel, tools, and equipment, and will perform all necessary operational functions.

Cardinal will provide the Operational Services to Appalachian at fully distributed cost with no markup as both Applicants are rate-regulated utilities. Costs will be directly assigned whenever possible and will be allocated as described in Attachment A to the Operational Services Agreement.

The Applicants state that the Corporate and Operational Services could be provided internally by each company; however, the Applicants represent that it is more cost effective and efficient to acquire and provide the Services under the proposed Agreements.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through Staff's action brief, is of the opinion and finds that the proposed Agreements are in the public interest and shall be approved subject to the requirements listed in the Appendix attached to this Order.

Specifically, Appendix Requirement No. 4 will require any affiliate employee that provides construction or maintenance service to Appalachian to have Virginia Enhanced Operator Qualifications. We further note that UAF Staff Witness Samuel Mattox recommends the use of a revised jurisdictional class cost of service study in his pre-filed public testimony in Appalachian's current base rate case (Case No. PUR-2018-00015) because "the Company did not allocate general costs such as payroll, management, administrative, benefits, payroll taxes, and general plant to the [Special Rate Customers]."[6] Therefore, Appendix Requirement No. 5 will require the Applicants to file amended Agreements should the Commission direct Appalachian to change allocation methodologies in that proceeding. Finally, we remind the Applicants to be more diligent in complying with the requirements of our Affiliates Act orders in the future.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Agreements hereby are approved subject to the requirements listed in the Appendix attached to this Order.

(2) This case is dismissed.

APPENDIX

1) The Commission's approval of the Agreements shall extend for five years from the effective date of this Order. Should the Applicants wish to extend the Agreements beyond that date, separate approval shall be required.

2) The Commission's approval shall have no accounting or ratemaking implications.

3) The Commission's approval shall be limited to the specific Services identified in the Applicants' Responses to Staff Data Request Nos. 1-1 and 1-2.[7] Should the Applicants wish to provide or receive additional Services not specifically identified therein, separate approval shall be required.

4) Any affiliate employee that provides construction or maintenance-related service to Appalachian under the Agreements shall be qualified in accordance with the Virginia Enhanced Operator Qualifications for the service provided.

5) In the event that the Commission directs Appalachian in the pending base rate case to make any changes to its allocation methodologies that affect the Agreements, the Applicants shall file with the Commission amended Agreements incorporating such changes within ninety (90) days of the final order in Case No. PUR-2018-00015.

6) Separate Commission approval shall be required for Appalachian to provide Services to or receive Services from other affiliated third parties under the Agreements.

7) Appalachian shall be required to maintain records demonstrating that the Services provided to and received from Cardinal are at fully distributed cost and are cost beneficial to Virginia ratepayers.

8) The approval granted in this case shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq*. hereafter.

9) Separate Commission approval shall be required for any changes in the terms and conditions of the Agreements.

10) The Commission reserves the right to examine the books and records of Appalachian and any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

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[5] *See* Applicants' Response to Staff Data Request No. 1-2, attached to Staff's action brief filed in this case.

[6] Pre-Filed Staff Testimony of Samuel Mattox at 14-15, *Application of Appalachian Natural Gas Distribution Company, For a general increase in rates*, Case No. PUR-2018-00015, Doc. Con. No. 190420252 (April 23, 2019).

[7] Those Services are listed in the Applicants' Responses to Staff Data Request Nos. 1-1 and 1-2, which are attached to Staff's action brief filed in this case.

11) Appalachian shall file an executed copy of the Agreements within thirty (30) days after the effective date of the Order Granting Approval in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

12) Appalachian shall include all transactions associated with the Agreements in its Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT shall include:

(a) the case number in which the Agreements were approved;
(b) the names of all direct and indirect affiliated parties to the Agreements; and
(c) a calendar year annual schedule showing the Agreements' transactions by month, FERC account, and amount as they are recorded on Appalachian's books.

CASE NO. PUR-2019-00064
JULY 3, 2019

APPLICATION OF
APPALACHIAN POWER COMPANY AND KENTUCKY POWER COMPANY

For approval of transactions pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On April 17, 2019, Appalachian Power Company ("Appalachian" or "Company") and Kentucky Power Company ("KPCo") (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of three affiliate transactions (collectively, "Transactions") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code").[1]

According to the Application, Appalachian seeks approval of three purchases made from KPCo in 2016: (1) a low-pressure heater tube bundle; (2) an ammonia-on-demand economizer; and (3) a portable air conditioner. The Applicants represent that the Transactions are in the public interest and each contributes to the safe and reliable operation of Appalachian's John E. Amos generating station.

After the filing of the Application, the Applicants informed Staff that the first transaction, for the purchase of a low-pressure heater tube bundle, did not occur and therefore does not require Commission approval. The second and third Transactions occurred on May 25, 2016, and May 16, 2016, respectively, but were not recorded on Appalachian's books until May 30, 2019. Hence, the second and third Transactions, which were for *de minimis* amounts, have been included in Appalachian's cost of service for less than two months.

The Transactions require Affiliates Act approval pursuant to Code § 56-77 A, which states in part that "no contract or arrangement for the purchase, sale, lease or exchange of any property, right or thing . . . 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 and approved by the Commission."

NOW THE COMMISSION, upon consideration of the matter and having been advised by its Staff through Staff's action brief and having considered the Company's comments thereon, is of the opinion and finds that the out-of-time, completed Transactions are in the public interest and, therefore, are approved subject to the requirements listed in the Appendix attached to this Order. We remind the Applicants, however, to be more diligent in the future in complying with the requirements of the Affiliates Act.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Applicants hereby are granted approval of the two completed Transactions as described herein subject to the requirements set forth in the Appendix to this Order.

(2) This case is dismissed.

APPENDIX

1) The Commission's approval of the Transactions shall have no accounting or ratemaking implications.

2) The Commission's approval granted in this case shall not preclude the Commission from exercising its authority under Code § 56-76 *et seq.* as necessary hereafter.

3) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this cause whether or not such affiliate is regulated by this Commission.

[1] Code § 56-76 *et seq.* ("Affiliates Act").

4) Appalachian shall be required to include all affiliate transactions in its Annual Report of Affiliate Transactions ("ARAT") submitted to the Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT shall include:

(a) The case number in which the transaction was approved;
(b) The names of all direct and indirect affiliated parties; and
(c) A calendar year annual schedule showing the transactions by month, FERC account, and amount as they are recorded in Appalachian's books.

CASE NO. PUR-2019-00065
MAY 22, 2019

APPLICATION OF
APPALACHIAN POWER COMPANY and SOUTHWESTERN ELECTRIC POWER COMPANY

For approval of an affiliate transaction under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On April 17, 2019, Appalachian Power Company ("APCo" or "Company") and Southwestern Electric Power Company ("SWEPCO") (collectively, "Applicants") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")[1] requesting approval of a transfer of five safety valves from Unit 3 of APCo's Clinch River plant to SWEPCO's Lieberman plant ("Transfer").

The Application explains that the Company permanently retired Clinch River Unit 3 in 2015. Since that time, APCo has transferred various equipment from the retired unit to other Company facilities, but none of the Company's other plants have a need for the five safety valves. Had SWEPCO not identified a need for the safety valves, APCo would have either sold the equipment for scrap or demolished it. To capture the highest value for the equipment, which is idle and no longer needed, APCo plans to transfer the safety valves to SWEPCO at their net book value of $0, plus their scrap value of $70. As a result, the Applicants submit that the proposed transaction is in the public interest.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that based on the Applicants' representations, the proposed Transfer is in the public interest and should be approved, subject to the requirements set forth in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Transfer is approved subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

APPENDIX

1. APCo shall file a report of action within 60 days of the completion of the Transfer. Such report shall contain APCo's accounting entries to remove the safety valves from its books and records.

2. The Commission's approval of the Transfer shall have no accounting or ratemaking implications.

3. The Commission's approval granted in this case shall not preclude the Commission from exercising its authority under Code § 56-76 *et seq.* as necessary hereafter.

4. The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

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[1] Code § 56-76 *et seq.*

CASE NO. PUR-2019-00067
SEPTEMBER 12, 2019

PETITION OF
APPALACHIAN POWER COMPANY

For approval to implement a voluntary rate schedule for owners of personal electric vehicles

FINAL ORDER

On April 23, 2019, Appalachian Power Company ("APCo" or "Company") filed a petition ("Petition") with the State Corporation Commission ("Commission") pursuant to § 56-236 of the Code of Virginia for approval to implement a voluntary rate schedule for its customers who own electric vehicles ("Schedule PEV").[1]

Schedule PEV is a new, optional tariff that would allow residential customers who are receiving standard service to charge their electric vehicles on a time of day rate schedule. To take service under Schedule PEV, a customer must have an advanced metering infrastructure ("AMI") meter installed.[2] Participating customers would use charging stations that are programmed to consume electrical energy primarily during off-peak hours specified by the Company to charge and re-charge their electric vehicles.[3]

The rates and peak and off-peak periods under Schedule PEV would initially be similar to the rates and peak and off-peak periods contained in the residential time of day rate, Schedule R.S. – T.O.D, with modifications to reflect current, lower submetering costs and an off-peak period adjusted to be less likely to overlap with winter heating peaks.[4] The Company states that it may request to modify the rates in Schedule PEV during its next base rate proceeding in 2020.[5] According to APCo, a customer with a typical electric vehicle consumption of 2,700 kilowatt-hours annually who takes service under Schedule PEV and exclusively charges an electric vehicle off-peak would save an average of $86.51 annually as compared to the standard residential rate schedule, Schedule R.S., and $89.41 annually as compared to Schedule R.S. – T.O.D.[6]

On May 6, 2019, the Commission issued an Order for Notice and Comment that, among other things, docketed the matter; directed APCo to provide public notice of its Petition; provided interested persons the opportunity to file notices of participation, comments, or hearing requests; and directed the Commission's Staff ("Staff") to investigate the Petition and present its findings and recommendations in a report ("Staff Report").

On June 27, 2019, Appalachian Voices filed a notice of participation, and on July 15, 2019, Appalachian Voices and the Sierra Club filed comments on the Petition. In its comments, the Sierra Club states that Schedule PEV appears to be well designed and that it supports approval of the proposed rate schedule.[7] Appalachian Voices recommends that the Commission approve Schedule PEV with certain changes, including: (i) applying a volumetric submetering cost adder to both the on-peak and off-peak rates; (ii) immediately making the rate schedule available to customers with and without AMI meters; and (iii) allowing participants to remain on Schedule PEV for as long as they wish, regardless of whether APCo proposes a new tariff for electric vehicles in the future.[8]

On July 29, 2019, Staff filed its Staff Report. Staff states that it does not oppose the approval of Schedule PEV, so long as certain clarifying language is added to the "Conditions of Service" section of the tariff.[9] However, Staff also notes in its Report that Schedule PEV could be approved on an experimental basis for a four-year period.[10]

On August 15, 2019, APCo filed a response to the comments and Staff Report. APCo notes in its response that it cannot make Schedule PEV available to customers without AMI meters, and states that Appalachian Voices' other proposed modifications would be better addressed in the Company's 2020 base rate proceeding.[11] APCo further asserts that it "is not opposed to offering Schedule PEV as an experimental rate option," though the Company expresses concern that offering Schedule PEV as an experimental tariff could potentially discourage customer enrollment.[12]

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[1] Petition at 1.

[2] *Id*. at 1-2. APCo asserts that it has already completed installation of AMI meters in the more densely populated areas of its service territory and expects to complete the installation of AMI meters to its entire service territory by 2021. *Id*. at 2.

[3] *Id*. at 2.

[4] Direct Testimony of Eleanor K. Keeton at 2, 4.

[5] *Id*. at 4.

[6] Petition at 3.

[7] Sierra Club Comments at 3.

[8] *See* Appalachian Voices Comments at 22.

[9] Staff Report at 3-5; Attachment A.

[10] *Id*. at 4-5.

[11] APCo Response at 2.

[12] *Id*.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Schedule PEV is hereby approved as set forth in the Company's Petition, with the following modifications: (i) the tariff shall be approved on an experimental basis; and (ii) the "Conditions of Service" section of the tariff shall be amended to include the clarifying language recommended by Staff.[13]

Schedule PEV is approved as an experimental rate schedule for a four-year period, after which Schedule PEV will be closed to new customers, unless APCo obtains an extension of the experimental tariff or approval of a permanent tariff offering.[14] We find that approving Schedule PEV on an experimental basis appropriately allows the Company to collect data examining, among other things, participation levels, the sufficiency of the rates being charged, and the impact, if any, on non-participating customers.

We further find that APCo shall file an annual report with the Commission each year that Schedule PEV is in effect that includes, at a minimum, the following information related to Schedule PEV: (i) participation levels; (ii) an assessment of the feasibility and implications on the public interest of continuing the experiment; (iii) the impact on non-participating customers; (iv) any information relevant to the experiment requested by Staff; (v) on-peak and off-peak usage levels; (vi) the actual costs of installed submetering equipment; (vii) an assessment of the recovery of the submetering costs on a volumetric basis through the off-peak rate; (viii) net rate base and operating expenses, by general ledger account, associated with the AMI meters used to serve customers taking service under Schedule PEV; (ix) revenue received from Schedule PEV customers, and revenue that would have been received from those customers under Schedule R.S. and, separately, Schedule R.S.-T.O.D.; and (x) quantification of administrative and general expenses, by general ledger account, incurred to implement and manage the Schedule PV offering.

Accordingly, IT IS ORDERED THAT:

(1) Schedule PEV shall be approved as set forth herein.

(2) The Company forthwith shall file a revised Schedule PEV and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) Within thirty (30) days after the experiment's first year of operation, and annually thereafter for each year that Schedule PEV is in effect, APCo shall file with the Commission a report as set forth herein.

(4) This case is dismissed.

[13] Approval of this Petition does not guarantee the recovery of the costs of AMI meters or any other cost directly or indirectly related to Schedule PEV.

[14] As is noted above, the rates under Schedule PEV would initially be similar to the rates contained in Schedule R.S. – T.O.D, with modifications to reflect current, lower submetering costs. These rates may be reviewed during APCo's 2020 base rate proceeding.

CASE NO. PUR-2019-00068
JULY 22, 2019

APPLICATION OF
VIRGINIA NATURAL GAS, INC. and PIVOTAL PROPANE OF VIRGINIA, INC.

To continue the approved Propane Sales Agreement

ORDER GRANTING APPROVAL

On April 25, 2019, Virginia Natural Gas, Inc. ("VNG"), and Pivotal Propane of Virginia, Inc. ("Pivotal") (collectively, "Applicants"), filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")[1] to request approval to continue the approved Propane Sales Agreement ("Amended Agreement").[2] The instant filing is intended to comply with the Commission's Order Granting Approval in Case No. PUE-2014-00069 ("2014 Order"), which approved the Amended Agreement for 10 years, from April 25, 2015, to April 25, 2025 (the "Extended Term"), but directed that:

> VNG shall file an application on or before April 25, 2019, if it desires to continue the [Amended Agreement] beyond April 25, 2020, establishing why it should not be required to provide notice of termination at that time as permitted in the [Amended Agreement]. The application shall include, among other things, a detailed account of the steps taken by VNG to continually assess its projected capacity needs and all potential alternatives to meet those needs.[3]

Pursuant to the Amended Agreement, Pivotal operates a propane storage and vaporization plant located in Chesapeake, Virginia ("Pivotal Plant"), which can provide approximately 28,800 dekatherms ("Dth") per day of propane air peak-shaving capacity for up to 10 days (288,000 Dth total) to VNG's distribution system during its November 1 – March 31 winter season.

[1] Code § 56-76 *et seq*. ("Affiliates Act")

[2] VNG and Pivotal are wholly owned subsidiaries of The Southern Company and, therefore, are considered affiliates pursuant to the Affiliates Act.

[3] *See Application of Virginia Natural Gas, Inc., and Pivotal Propane of Virginia, Inc., For approval of an amended Propane Sales Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2014-00069, 2014 S.C.C. Ann. Rpt. 469, Order Granting Approval (Sept. 29, 2014).

The Amended Agreement provides for Pivotal to charge VNG three types of monthly charges for the propane air service: (1) a commodity charge; (2) an operations and maintenance ("O&M") charge; and (3) a base reservation charge ("BRC").[4] These costs are recovered through VNG's gas cost recovery mechanism. After completion of the Extended Term, the Amended Agreement can be renewed for successive periods of 24 months unless and until terminated by VNG. The Amended Agreement is governed by the laws of the Commonwealth of Virginia.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Staff of the Commission ("Staff") through Staff's action brief, and having considered the Applicants' Comments thereon, is of the opinion and finds that the Amended Agreement is in the public interest and shall be approved for its remaining Extended Term through April 25, 2025, subject to certain requirements listed in the Appendix attached to this Order.

We make two specific findings in this case. First, we reiterate our 2014 Order finding that VNG should continually assess its projected capacity needs and all potential alternatives to meet those needs. Second, we find that certain conditions from the 2004 and 2014 Orders should be readopted, which includes the following directive:

> VNG is required to use the midpoint of its most recently authorized rate of return, and the capital structure of its parent, AGLR, in the computation of the BRC in any prospective recalculation. This requirement is subject to modification in the future, under the Commission's continuing authority over the Amended Agreement under § 56-80 of the Code of Virginia, if VNG's approved return on equity or capital structure is modified in a future rate proceeding.[5]

We recently approved new base rates for VNG in the Final Order for Case No. PUR-2018-00143 dated December 17, 2018 ("2018 Order"), which reflect an updated cost of capital and capital structure and recognizes the reduction in the federal corporate income tax rate from 35% to 21% enacted by the Tax Cuts and Jobs Act of 2017 ("2017 Tax Act"). In response to a Staff data request, VNG represents that:

> The BRC has not been recalculated since it was approved by the Commission in Case No. PUE-2014-00069 thus none of the [cost of capital, capital structure, or tax rate] items . . . have changed in the BRC calculation.[6]

Pursuant to the 2014 Order directive, and consistent with our pricing policy for affiliate transactions,[7] we shall require the Applicants to perform a prospective recalculation of the BRC, effective within 30 days after the date of the Order Granting Approval in this case, to reflect the 2018 Order's changes in VNG's cost of capital, capital structure, and federal income tax rate.[8]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Applicants are granted approval to continue the Amended Agreement until April 25, 2025, subject to the requirements set forth in the Appendix attached to this Order Granting Approval.

(2) This case is hereby dismissed.

APPENDIX

1) The Commission's approval of the Amended Agreement shall extend to April 25, 2025. Should the Applicants wish to extend the Amended Agreement beyond that date, separate approval shall be required.

2) VNG shall continually assess its projected capacity needs and all potential alternatives to meet those needs.[9]

3) The Commission shall require the Applicants to update the BRC effective within 30 days after the date of the Order Granting Approval in this case, to reflect the cost of capital,[10] capital structure, and corporate federal income tax rate used to set VNG's base rates approved by the Commission in its 2018 Order.

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[4] The BRC represents the amount that Pivotal charges and VNG pays for cost recovery on the Pivotal Plant. The BRC has two components: (1) the depreciation expense to recover the original depreciable capital cost of constructing the plant, and (2) the cost of capital carrying charge on Pivotal's average rate base. The Pivotal Plant is being depreciated over 30 years, in accordance with the Commission's June 8, 2004 Final Order in Case No. PUE-2004-00012 ("2004 Order"). The cost of capital carrying charge is based on VNG's overall cost of capital as established in VNG's last rate proceeding.

[5] *See Application of Virginia Natural Gas, Inc., and Pivotal Propane of Virginia, Inc., For approval of an amended Propane Sales Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2014-00069, 2014 S.C.C. Ann. Rpt. 469, Order Granting Approval (Sept. 29, 2014).

[6] *See* VNG Response to Staff Data Request No. 4-1.

[7] The Commission's pricing policy for affiliate transactions provides that, where an unregulated affiliate is providing service to a Virginia regulated utility where a market may exist, the service should be priced at the lower of cost or market. Where no market exists, the service should be provided at cost. A BRC calculated with an out of date cost of capital and capital structure and a 35% federal income tax rate is not priced at cost.

[8] The 2017 Tax Act change in the corporate federal income tax rate affects three components of the BRC calculation: (1) it reduces federal income tax expense; (2) it changes the after-tax cost of short and long-term debt; and (3) it changes the revenue conversion factor.

[9] *See* 2014 Order in Findings Paragraph.

[10] VNG's overall cost of capital includes a short-term debt rate, a long-term debt rate, and a return on equity.

4) The (Pivotal) BRC shall be based on an average depreciable service life of 30 years. Subject to Commission prior approval, the BRC may be updated throughout the term of the Amended Agreement for prudently incurred capital expenditures. VNG shall be required to use the midpoint of its most recently authorized rate of return, and the actual capital structure of its parent, [Southern Company Gas],[11] in the computation of the BRC in any prospective recalculation. This requirement is subject to modification in the future, pursuant to the Commission's continuing authority over the Amended Agreement under § 56-80 of the Code, if VNG's approved return on equity or capital structure is modified in a future rate proceeding.

5) The approval in this case shall have no accounting or ratemaking implications.

6) The approval in this case shall supplement the approvals granted in Case Nos. PUE-2003-00535, PUE-2004-00012, and PUE-2014-00069.

7) The Pivotal Plant shall continue to "be subject to the Commission's pipeline safety regulations found in 49 C.F.R. Part 192 and the reporting requirements set out in 49 C.F.R. Part 191 as applicable to this facility."[12] Violations of the foregoing shall be enforceable as provided in §56-257.2 of the Code of Virginia.

8) The Pivotal commodity charge[13] shall represent actual prudent expenditures at the lower of actual cost or available market prices for the commodity. The ICC shall be set at prime as published in the Wall Street Journal on the date of sale.

9) The Pivotal O&M charge shall represent actual prudent expenditures at the lower of cost or available market price for the same service. The O&M charge shall be trued-up to actual cost each year and corrected in VNG's Actual Cost Adjustment.

10) VNG shall be required to provide advance notice to the Commission of any intention to: (1) terminate the Amended Agreement; (2) extend the Amended Agreement; or (3) purchase the Pivotal Plant. VNG shall be required to file, at least 12 months in advance, a notice of its intention and justification for such intention. If VNG intends to renew the Amended Agreement, the Commission shall require that VNG's notice contain the terms of such renewal; if VNG intends to purchase the Pivotal Plant, such notice shall explain the terms of the purchase.

11) Separate Commission approval shall be required for any change in the terms and conditions of the Amended Agreement, including successors, assigns, and any prospective changes in the BRC to reflect prudently incurred capital expenditures.

12) The approval granted in this case shall not preclude the Commission from exercising its authority under Code § 56-76 *et seq*. hereafter.

13) The Commission shall reserve the right to examine the books and records of VNG and any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

14) VNG shall file an executed copy of the Amended Agreement within thirty (30) days after the effective date of the Order Granting Approval in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

15) VNG shall include all transactions associated with the Amended Agreement in its Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT shall include:

(a) The case number in which the Amended Agreement was approved;
(b) The names of all direct and indirect affiliated parties to the Amended Agreement; and
(c) A calendar year annual schedule showing the Amended Agreement's transactions by month, FERC account, and amount as they are recorded on VNG's books.

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[11] *See* Case No. PUE-2015-00113. After the Southern Company acquired AGL Resources, Inc., its name was changed to Southern Company Gas.

[12] *See* Case No. PUE-2003-00535, Order at (4).

[13] The commodity costs include: (1) the actual cost of propane, which shall not exceed a market-based, published price; (2) the cost of transporting the propane to the Pivotal Plant; and (3) an inventory carrying charge ("ICC").

CASE NO. PUR-2019-00069
JULY 25, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia

FINAL ORDER

On May 7, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"), pursuant to § 56-585.1 A 4 ("Subsection A 4") of the Code of Virginia ("Code"), filed an application ("Application") with the State Corporation Commission ("Commission") for approval of a rate adjustment clause designated as Rider T1.

Subsection A 4 states as follows:

> 4. The following costs incurred by the utility shall be deemed reasonable and prudent: (i) costs for transmission services provided to the utility by the regional transmission entity of which the utility is a member, as determined under applicable rates, terms and conditions approved by the Federal Energy Regulatory Commission [("FERC")], and (ii) 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. Upon petition of a utility at any time after the expiration or termination of capped rates, but not more than once in any 12-month period, the Commission shall approve a rate adjustment clause under which such costs, including, without limitation, costs for transmission service, charges for new and existing transmission facilities, administrative charges, and ancillary service charges designed to recover transmission costs, shall be recovered on a timely and current basis from customers. Retail rates to recover these costs shall be designed using the appropriate billing determinants in the retail rate schedules.

In this proceeding, Dominion seeks approval of a revenue requirement for the rate year September 1, 2019, through August 31, 2020 ("Rate Year").[1] This revenue requirement, if approved, would be recovered through a combination of base rates and a revised increment/decrement Rider T1. Rider T1 is designed to recover the increment/decrement between the revenues produced from the transmission component of base rates and the new revenue requirement developed from the Company's total transmission costs for the Rate Year.[2]

The total proposed revenue requirement to be recovered over the Rate Year is $919,682,244, comprising an increment Rider T1 of $445,489,325, and forecast collections of $474,192,919 through the transmission component of base rates.[3] This total revenue requirement represents an increase of $271,214,490, compared to the revenues projected to be produced during the Rate Year by the combination of the base rate component of Subsection A 4 (the Company's former Rider T) and the Rider T1 rates currently in effect.[4] Implementation of the proposed Rider T1 on September 1, 2019, would increase the average weighted monthly bill of a residential customer using 1,000 kilowatt-hours per month by $6.71.[5]

On May 13, 2019, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case, directed the Company to provide public notice of its Application, provided interested persons an opportunity to file comments on the Application or to participate as respondents in this proceeding, scheduled a public evidentiary hearing, and directed the Commission's Staff ("Staff") to investigate the Application. The Commission also assigned a Hearing Examiner to conduct further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

The Office of Attorney General's Division of Consumer Counsel ("Consumer Counsel") and the Virginia Committee for Fair Utility Rates filed notices of participation in this proceeding.

On June 6, 2019, Staff filed its testimony and exhibits recommending a Rider T1 revenue requirement for the Rate Year equal to the amount requested by the Company in its Application.[6] Further, Staff did not object to the Company's cost allocation or rate design.[7] On June 10, 2019, the Company filed a letter stating that the Company agrees with the recommendations in Staff's pre-filed testimony and that it would not be filing rebuttal testimony.[8] On June 19, 2019, the Honorable Alexander F. Skirpan, Jr., Chief Hearing Examiner, convened the evidentiary hearing in this proceeding. Dominion, Consumer Counsel, and Staff participated in the hearing. No public witnesses appeared.

On June 28, 2019, the Chief Hearing Examiner filed his Report ("Report"). In the Report, the Chief Hearing Examiner summarized the record in this proceeding and recommended that the Commission approve a total Subsection A 4 revenue requirement of $922,268,285, with recovery limited to a total Subsection A 4 revenue requirement of $919,682,244, of which $474,192,919 is to be collected in base rates and $445,489,325 through Rider T1 during the Rate Year commencing September 1, 2019.[9]

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[1] Exhibit ("Ex.") 2 (Application) at 1.

[2] *Id*. at 6. References herein to "transmission component of base rates" and "total transmission costs" are inclusive of demand response costs applicable under Subsection A 4.

[3] On May 30, 2019, Dominion filed a letter notifying the Commission that the Company had discovered an error in the original calculation of the Rider T1 revenue requirement and the Company's correction of that error increased the amount of the proposed revenue requirement to $922,268,285. The Company further stated, however, that because the correction caused the Rider T1 tariffed rates to exceed the total tariffed rates requested in the Application and stated in the public notice, it continued to request recovery in this case equal to the originally filed revenue requirement amount of $919,682,244. Ex. 3 (May 30, 2019 Correction Letter).

[4] Ex. 4 (Wilkinson Direct) at 2.

[5] Ex. 6 (Crouch Direct) at 7.

[6] Ex. 10 (Carr Direct) at 2.

[7] Ex. 9 (Blevins Direct) at 10.

[8] Along with the Company's June 10, 2019 letter, the Company filed corrections to the Direct Testimony of J. Clayton Crouch.

[9] Report at 14-15.

On July 1, 2019, Staff filed a letter notifying the parties that Staff waived filing any comments on the Report and asking the Commission to adopt the recommendations contained in the Report. The Company and Consumer Counsel filed comments to the Report on July 8, 2019, and July 9, 2019, respectively. Consumer Counsel noted concerns regarding the Company's continued use of the one coincident peak ("1 CP") allocation methodology and asserted that "other allocation methods, such as the 12 CP approach, could reduce rate volatility."[10] Consumer Counsel further noted that Dominion has a pending request with the FERC related to changing the Company's allocation methodology for certain components of its wholesale rate from a 1 CP approach to a 12 CP approach.[11]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Chief Hearing Examiner's Report is reasonable and should be adopted.[12]

Accordingly, IT IS ORDERED THAT:

(1) Rider T1, as approved herein, shall become effective for service rendered on and after September 1, 2019.

(2) The Company forthwith shall file, with the Clerk of the Commission and the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, the updated tariff sheets for Rider T1 as approved herein. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) This matter is closed.

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[10] Consumer Counsel Comments at 2.

[11] *Id.*

[12] The Commission approves the 1 CP allocation methodology for the purpose of allocating costs in Rider T1 at this time. This finding, however, does not preclude the Commission from subsequently approving other allocation methodologies in future Rider T1 proceedings.

CASE NO. PUR-2019-00070
AUGUST 15, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

ORDER ESTABLISHING 2019-2020 FUEL FACTOR

On May 7, 2019, Virginia Electric and Power Company ("Company" or "Dominion") filed with the State Corporation Commission ("Commission") its application ("Application") pursuant to § 56-249.6 of the Code of Virginia ("Code") seeking a decrease in its fuel factor from 2.700 cents per kilowatt-hour ("¢/kWh") to 2.4162¢/kWh, effective for usage on and after July 1, 2019.[1] On May 21, 2019, the Company filed a Motion for Leave to File Supplemental Direct Testimony, in which the Company proposed to further decrease its requested fuel factor to 2.3254¢/kWh, effective for usage on and after July 1, 2019.[2]

The Company's proposed fuel factor, reflected in Fuel Charge Rider A, consists of both a current and prior period factor. The Company's revised proposed current period factor for Fuel Charge Rider A of 2.1675¢/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses, including purchased power expenses, of approximately $1.47 billion for the period July 1, 2019, through June 30, 2020.[3] The Company's revised proposed prior period factor for Fuel Charge Rider A of 0.1579¢/kWh is designed to recover approximately $107 million, which represents the net of two projected June 30, 2019 fuel deferral balances.[4]

In total, Dominion's proposed fuel factor represents a 0.3746¢/kWh decrease from the fuel factor rate previously in effect of 2.700¢/kWh, which was approved in Case No. PUR-2018-00067.[5] The total proposed fuel factor would decrease the average weighted monthly bill of a typical residential customer using 1,000 kWh of electricity by $3.75, or by approximately 3.19%.[6]

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[1] Ex. 2 (Application) at 2.

[2] Ex. 12 (Beasley Supplemental Direct) at 2.

[3] Ex. 2 (Application) at 2; Ex. 12 (Beasley Supplemental Direct), Schedule 3.

[4] Ex. 2 (Application) at 2; Ex. 12 (Beasley Supplemental Direct), Schedule 5.

[5] *See Application of Virginia Electric and Power Company, To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia*, Case No. PUR-2018-00067, Doc. Con. Cen. No. 180840312, Order Establishing 2018-2019 Fuel Factor (August 27, 2018).

[6] Ex. 12 (Beasley Supplemental Direct) at 2.

On May 14, 2019, the Commission issued an Order Establishing 2019-2020 Fuel Factor Proceeding that, among other things, established a procedural schedule for this matter, required the Company to provide public notice of its Application, scheduled an evidentiary hearing, and allowed the Company's proposed fuel factor of 2.4162¢/kWh to be placed into effect on an interim basis for usage on and after July 1, 2019. On May 24, 2019, the Commission issued an order granting the Company's Motion for Leave to File Supplemental Testimony and allowed the Company's revised proposed fuel factor of 2.3254¢/kWh to be placed into effect on an interim basis for usage on and after July 1, 2019.

The following parties filed notices of participation: Appalachian Voices ("Environmental Respondent"); Virginia Committee for Fair Utility Rates ("Committee"); and Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On July 30, 2019, the Commission convened a public evidentiary hearing. Dominion, Environmental Respondent, Consumer Counsel, and the Commission's Staff ("Staff") participated at the hearing, and the Commission received evidence from witnesses for Dominion, Environmental Respondent, and Staff. No public witnesses appeared at the hearing.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows. The Commission has considered the entire record in this proceeding, including the specific issues raised by each participant, and finds that Dominion's Application to revise its fuel factor shall be approved with the requirements set forth herein.

Code § 56-249.6 D 2 states as follows:

> The Commission shall disallow recovery of any fuel costs that it finds without just cause to be the result of failure of the utility to make every reasonable effort to minimize fuel costs or any decision of the utility resulting in unreasonable fuel costs, giving due regard to reliability of service and the need to maintain reliable sources of supply, economical generation mix, generating experience of comparable facilities, and minimization of the total cost of providing service.

The Commission finds that Dominion shall further demonstrate in its next fuel factor proceeding how it monetizes the unused portion of its natural gas pipeline capacity portfolio on days when the system is not constrained, a commitment which the Company has indicated it would not oppose.[7] This information, among other things, will further inform the Commission's analysis under the above statute. At this time, however, based on the instant record and pending the results of this new directive, the Commission does not find that the Company should be directed to implement Environmental Respondent's other requested changes.[8]

The Commission also finds that, consistent with Staff witness Johnson's recommendations, the Company should provide auditable details of any such monetization transactions in its annual fuel procurement strategy report.[9]

Accordingly, IT IS ORDERED THAT:

(1) The Company's fuel factor shall be 2.3254¢/kWh, for usage on and after July 1, 2019.

(2) The Company shall continue to demonstrate in its next fuel factor proceeding how it monetizes the unused portion of its natural gas pipeline capacity portfolio on days when the system is not constrained.

(3) The company shall include details of any monetization transactions in its annual fuel procurement strategy.

(4) This case is continued generally.

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[7] *See, e.g.,* Ex. 18 (Johnson Direct); Ex. 20 (Hinson Rebuttal) at 9.

[8] *See,* Ex. 13 (Lander Direct) at 15-17. For example, based on the instant record (including but not limited to the testimony of Staff witness Johnson), we find that at the current time: the overall deliverability of Dominion's portfolio is reasonably sized for the size of its generation fleet, and Dominion appears to be conducting best efforts to monetize its pipeline capacity. Therefore, at this time, the Commission concludes that Dominion need not determine and track margins for third-party sales or establish a reserve price, as proposed by Mr. Lander.

[9] Ex. 18 (Johnson direct) at 33-34; Ex. 20 (Hinson rebuttal) at 9.

CASE NO. PUR-2019-00072
JUNE 11, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION CASE NO. PUC-1997-00135

Ex Parte: In re: Implementation of Requirements of § 214 (e) of the Telecommunications Act of 1996

APPLICATION OF COX VIRGINIA TELCOM, L.L.C. CASE NO. PUR-2019-00072

For relinquishing its designation as an eligible telecommunications provider pursuant to 47 U.S.C. § 214 (e)

ORDER

On May 1, 2019, Cox Virginia Telcom, L.L.C. ("Cox Telcom" or "Company"), filed an application with the State Corporation Commission ("Commission") requesting that the Commission permit Cox Telcom to relinquish the Company's designation as an Eligible Telecommunications Carrier ("ETC") pursuant to 47 U.S.C. § 214 (e) effective no later than September 1, 2019 ("Application"). Cox notes in its Application that the Commission granted the application of Cox Telcom for designation as an ETC to receive federal universal support for Lifeline service ("Lifeline") in certain non-rural exchanges in 2012.[1]

In the Application, Cox Telcom states that the areas for which Cox Telcom has ETC designation will continue to be served by other designated ETC's.[2] Cox Telcom further states that relinquishment will have nominal impact on Virginia customers, as the Company had only 221 Lifeline subscribers in Virginia as of January 2019.[3] Cox Telcom's Application includes the notice the Company intends to provide describing the effective date for ending its Lifeline offering and customers' options for choosing another Lifeline provider or service options available from Cox Telcom after September 1, 2019.[4]

NOW THE COMMISSION, upon consideration of the Application and applicable law, is of the opinion and finds that Cox Telcom's request for permission to relinquish its designation as an ETC pursuant to 47 U.S.C. § 214 (e) should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Application of Cox Telcom for permission to relinquish its designation as an ETC pursuant to 47 U.S.C. § 214 (e) is granted.

(2) Case No. PUC-1997-00135 is continued pending further order of the Commission.

(3) Case No. PUR-2019-00072 is dismissed.

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[1] Application at 2. *See Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In re: Implementation of Requirements of § 214 (e) of the Telecommunications Act of 1996*, Case No. PUC-1997-00135; and *Application of Cox Virginia Telcom, L.L.C., For designation as an eligible telecommunications carrier under 47 U.S.C. § 214 (e)*, Case No. PUC-2012-00059, 2012 S.C.C. Ann. Rept. 205, Order (Dec. 14, 2012).

[2] *See* Application at 2-3 and Exhibit A.

[3] *Id.* at 3.

[4] *Id.* at 4.

CASE NO. PUR-2019-00074
OCTOBER 31, 2019

APPLICATION OF
NETWORK BILLING SYSTEMS, L.L.C.

For cancellation and issuance of a certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATE

On June 18, 2019, Network Billing Systems, L.L.C. ("NBS" or "Company"), completed the filing of an application with the State Corporation Commission ("Commission") requesting that the certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia issued by the Commission[1] be cancelled and reissued to reflect a company name change ("Application"). The Company submitted proof of its name change to Fusion Connect LLC (USED IN VA BY: Fusion LLC) with its Application.

NOW THE COMMISSION, upon consideration of the Application and of the applicable law, and being advised by the Commission's Staff that a revised bond required under 20 VAC 5-417-20 G 1 b of the Commission's Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers has been submitted to the Commission's Division of Public Utility Regulation, is of the opinion and finds that the existing certificate in the name of NBS should be cancelled and reissued in the name of Fusion Connect LLC (USED IN VA BY: Fusion LLC).

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[1] *See Application of Network Billing Systems, L.L.C., For a certificate of public convenience and necessity to provide local exchange telecommunications services,* PUC-2011-00017, 2011 S.C.C. Ann. Rept. 246, Final Order (May 13, 2011).

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUR-2019-00074.

(2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-710, heretofore issued to NBS is cancelled and shall be reissued as Certificate No. T-710a in the name of Fusion Connect LLC (USED IN VA BY: Fusion LLC).

(3) Any tariffs on file with the Commission's Division of Public Utility Regulation or product guide available online in the name of NBS shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.

(4) This case is dismissed.

CASE NO. PUR-2019-00076
MAY 29, 2019

APPLICATION OF
CRAIG-BOTETOURT ELECTRIC COOPERATIVE

For authority to incur debt

ORDER GRANTING AUTHORITY

On May 6, 2019, Craig-Botetourt Electric Cooperative ("CBEC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia[1] for approval of a loan from the Rural Utilities Service ("RUS"). CBEC has paid the requisite filing fee of $250.

CBEC is seeking authority to incur $5 million in debt from the RUS through the Federal Financing Bank ("FFB"). The Cooperative states that the loan will be used to finance new construction to serve new customers in its service territory as detailed in CBEC's approved Form 740c. The Application states that the term of the loan will be 32 years and the interest rates will be determined at the time of each advance.

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) CBEC is authorized to receive a loan of $5 million from RUS through the FFB, in the manner, under the terms and conditions, and for the purposes set forth in the Application.

(2) Within thirty (30) days the date of any advance of funds from the FFB, CBEC shall file with the Commission's Division of Utility Accounting and Finance a Report of Action, which shall include the amount of the advance and the interest rate.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) This case is dismissed.

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[1] Code. § 56-55 *et seq.*

CASE NO. PUR-2019-00078
NOVEMBER 8, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval and certification of electric transmission facilities: Suffolk-Swamp 230 kV Transmission Line #247, Virginia Rebuild Project

FINAL ORDER

On May 16, 2019, Virginia Electric and Power Company ("Dominion" or "Company") pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq.*, filed an application ("Application") with the Virginia State Corporation Commission ("Commission") for approval and a certificate of public convenience and necessity ("CPCN") to rebuild approximately 11.1 miles of the existing 230 kilovolt ("kV") overhead single circuit transmission Line #247.[1]

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[1] On August 27, 2019, the Company filed corrected pages 77-79 and 146 of the Appendix.

Specifically, the Company seeks approval to: (i) rebuild, entirely within existing right-of-way ("ROW") or on Company-owned property, approximately 31.2 miles of its existing 230 kV transmission Line #247 on single circuit structures, of which 11.1 miles are located in the Commonwealth of Virginia (in the City of Suffolk) between the Suffolk Substation and the Virginia state line (which runs from Structure #247/1A through Structure #247/103), with the remaining portion of the line located in North Carolina; and (ii) perform minor work at the existing Suffolk Substation, including conductor work for line terminal rating upgrades and fiber installation for communication upgrades (collectively, the "Virginia Rebuild Project" or "Project"). Through its Application, the Company seeks approval of only the Virginia portion of the line.[2]

Dominion represents that the proposed Virginia Rebuild Project will replace aging infrastructure that is at the end of its service life to comply with the Company's mandatory transmission planning criteria, thereby enabling the Company to maintain the overall long-term reliability of its transmission system.[3]

Dominion anticipates a December 30, 2022 in-service date for the proposed Project, subject to Commission approval and outage scheduling.[4] The Company anticipates the proposed Project will cost approximately $17.2 million, which includes $17.1 million for transmission-related work and approximately $0.1 million for substation-related work (2019 dollars).[5]

On June 5, 2019, the Commission issued an Order for Notice and Comment ("Procedural Order"), which, among other things, directed the Company to provide notice of its Application to interested persons and the public; provided interested persons the opportunity to comment on the Application, request a hearing, or to participate as a respondent in this proceeding; and directed the Commission's Staff ("Staff") to investigate the Application and to file a Staff Report containing Staff's findings and recommendations.

No public comments, requests for hearing, or notices of participation were filed.

As noted in the Procedural Order, Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the Virginia Rebuild Project by the appropriate agencies and to provide a report on the review. On July 24, 2019, DEQ filed its report ("DEQ Report"), which included a Wetlands Impact Consultation prepared by DEQ. The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Findings and Recommendations regarding the Virginia Rebuild Project. According to the DEQ Report, the Company should:

- Conduct an on-site delineation of all wetlands and stream crossings within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams.
- Follow DEQ's recommendations regarding air quality protection, as applicable.
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable.
- Coordinate with the Department of Conservation and Recreation's Division of Natural Heritage regarding its recommendations to minimize adverse impacts to the aquatic ecosystem, conduct an inventory for natural heritage resources and obtain updates to the Biotics Data System database.
- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations to protect listed species and other wildlife resources.
- Coordinate with the Virginia Department of Health regarding its recommendations to protect public water supplies.
- Follow the principles and practices of pollution prevention to the maximum extent practicable.
- Limit the use of pesticides and herbicides to the extent practicable.
- Coordinate with the Virginia Outdoors Foundation regarding its recommendations on the replacements of structures and associated components.[6]

On September 24, 2019, Staff filed its Staff Report summarizing the results of its investigation of Dominion's Application. Staff concluded that Dominion has reasonably demonstrated the need for the proposed project, which reasonably minimizes impacts to existing residences, scenic assets, historic districts, and the environment.[7] Staff, therefore, does not oppose the Company's CPCN requested in the Company's Application.[8]

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[2] Application at 2.

[3] *Id.* at 2-3.

[4] *Id.* at 3.

[5] *Id.* at 3-4.

[6] DEQ Report at 7 (parentheticals omitted).

[7] Staff Report at 16.

[8] *Id.*

On October 8, 2019, Dominion filed its Limited Response in Rebuttal ("Response"). The Company does not object to most of the recommendations included in the DEQ Report, except for the following. Specifically, the Company requests that the Commission reject the recommendation from the Department of Conservation and Recreation ("DCR") that the Company conduct an inventory for identified resources in the study area and accept a revised recommendation regarding the request by DCR's Division of Natural Heritage ("DNH") that the Company provide updates to the Biotics Data System involving natural heritage resources in the Virginia Rebuild Project area.[9] The Company also responds to the Virginia Outdoors Foundation's ("VOF") recommendation for replacement structures associated with the Project.[10]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the Virginia Rebuild Project. The Commission finds that a CPCN authorizing the Virginia Rebuild Project should be issued subject to certain findings and conditions contained herein.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

> Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact . . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted . . . . Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing ROW 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."

Public Convenience and Necessity

The Company represents that the Virginia Rebuild Project is necessary to replace aging infrastructure that is at the end of its service life to comply with the Company's mandatory transmission planning criteria, thereby enabling the Company to maintain the overall long-term reliability of its transmission system.[11] Based on information provided by the Company, including the outage projections if the line is not in service and evidence showing deterioration of the structures, Staff agreed with the Company that the Project is needed to ensure reliable service.[12] The Commission finds that the Company's proposed Virginia Rebuild Project is needed to replace aging infrastructure, thereby enabling the Company to maintain the overall long-term reliability of its transmission system.[13]

Economic Development

The Commission finds that the evidence in this case demonstrates that the Virginia Rebuild Project will facilitate economic growth in the Commonwealth by continuing to provide reliable electric service in the Virginia Rebuild Project area.[14]

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[9] Response at 3-5.

[10] *Id.* at 5.

[11] Application at 2-3, Appendix at 5.

[12] Staff Report at 7.

[13] *See* Application at 3, Appendix at 2-5; Staff Report at 4-7.

[14] *See* Staff Report at 14.

Rights-of-Way and Routing

Dominion has adequately considered existing ROW. The Virginia Rebuild Project, as proposed, would be constructed on existing ROW already owned and maintained by the Company.[15] The Company therefore does not anticipate a need for new easements associated with the Project.[16]

Scenic Assets and Historic Districts

As noted above, the Rebuild Project would be constructed on existing ROW already owned and maintained by Dominion. The Commission finds that use of the existing route would minimize adverse impacts on scenic assets and historic districts in the Commonwealth of Virginia as required by § 56-46.1 B of the Code.[17]

Environmental Impact

Pursuant to § 56-46.1 A and B of the Code, the Commission is required to consider the Virginia Rebuild Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive and give consideration to all reports that relate to the Virginia Rebuild Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the Virginia Rebuild Project. This finding is supported by the DEQ Report, as nothing therein suggests that the Virginia Rebuild Project should not be constructed.

There are, however, recommendations included in the DEQ Report for the Commission's consideration.[18] The Company filed a response opposing several of these recommendations. The first contested issue concerns DCR's recommendation that the Company conduct an inventory for identified resources in the Project study area, including the Two-spotted skipper, Black dash, King's hairstreak, Little metalmark, and Treetop emerald so "DCR can more accurately evaluate potential impacts to natural heritage resources and offer specific protection recommendations for minimizing impacts to the documented resources."[19] The Company states that these resources are not threatened or endangered species protected under the Endangered Species Act.[20] Further, the Company agrees to provide its construction team with information regarding the species of concern prior to commencing construction activity and to coordinate with DCR should the species be found within the Virginia Rebuild Project area.[21] The Commission finds that the Company shall educate its construction personnel regarding the species of concern and shall coordinate with DCR should the species be found within the Virginia Rebuild Project area.

Next, DEQ recommends that Dominion coordinate with DCR DNH regarding its request that the Company resubmit project information and a map for an update on natural heritage information "if the scope of the project changes and/or six months have passed before it is utilized."[22] Dominion states that in Case No. PUR-2019-00040, the Commission approved language jointly presented by Dominion and DCR DNH to replace DCR DNH's biotics recommendation in transmission cases going forward.[23] Specifically, the language would require the resubmission of project information to DCR DNH: (i) during the final design stage of engineering; and (ii) upon any major modifications of the Project during construction (i.e., deviations, permanent or temporary, from the original study area and/or the relocation of a towers(s) into sensitive areas).[24] The Company requests that the Commission approve the same language in lieu of the biotics language recommended by DCR in the DEQ Report in this case.[25] The Company states that it has consulted with DCR DNH and they are in agreement with the Company's recommendation.[26] The Commission finds that the DCR recommendation, as proposed to be modified in Dominion's Response, is reasonable and should be adopted.

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[15] Application at 3.

[16] Application, Appendix at 59.

[17] *See* Application at 4, Appendix at 94-126; Staff Report at 12-14.

[18] *See* DEQ Report at 7. Dominion should comply with all uncontested recommendations included in the DEQ Report.

[19] *See id.* at 19.

[20] Response at 3.

[21] *Id.* at 3-4.

[22] DEQ Report at 19.

[23] *Application of Virginia Electric and Power Company, For approval and certification of electric facilities: Potomac Yards Undergrounding and Glebe GIS Conversion*, Case No. PUR-2019-00040, Doc. Con. Cen. No. 190940216, Final Order (Sept. 27, 2019) at 11-12.

[24] *See* Response at 4.

[25] *Id*. at 5.

[26] *Id.*

The VOF expressed concerns regarding the potential impact of the proposed replacement structures and associated project components on the landscape.[27] VOF recommended "that the replacement structures and the associated project components have less of a presence on the landscape, including height, size and color, specifically regarding reflectivity."[28] In response, Dominion states that it sought clarification from VOF regarding this recommendation and that it is the Company's understanding that VOF is recommending the proposed structures not be substantially different from the existing structures.[29] Dominion further states that "[t]he Company expressed to VOF that the replacement structures proposed will mimic the existing structures in type, color, and size to the extent possible" and that VOF indicated that this addressed its concerns.[30] Accordingly, the Commission finds that the Company's proposed weathering steel H-frame and three-pole structures are appropriate for the Virginia Rebuild Project.

Accordingly, IT IS ORDERED THAT:

(1) Dominion is authorized to construct and operate the Virginia Rebuild Project as proposed in its Application, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a CPCN to construct and operate the Virginia Rebuild Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following CPCN to Dominion:

> Certificate No. ET-95aa, which authorizes Virginia Electric and Power Company, under the Utility Facilities Act, to operate certificated facilities in the Cities of Chesapeake, Norfolk, Portsmouth, Virginia Beach, and Suffolk, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUR-2019-00078, cancels Certificate No. ET-95z, issued to Virginia Electric and Power Company in Case No. PUR-2018-00096 on December 3, 2018.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation three copies of an appropriate map that shows the routing of the transmission line approved herein.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the CPCN issued in Ordering Paragraph (3) with the map attached.

(6) The Virginia Rebuild Project approved herein must be constructed and in service by December 31, 2022. The Company, however, is granted leave to apply for an extension for good cause shown.

(7) This matter hereby is dismissed.

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[27] DEQ Report at 25. Dominion plans to replace structures that range in height from approximately 49.6 to 67.3 feet (with an average structure height of approximately 61.1 feet) with structures that would range in height from approximately 55 to 79 feet with an average proposed structure height of approximately 65.3 feet. *See* Staff Report at 9. The proposed replacement structures would comprise 101 230 kV weathering steel H-frame structures and three 230 kV weathering steel three-pole structures. *See* Application, Appendix at 146 (as corrected on August 27, 2019).

[28] DEQ Report at 25.

[29] Response at 5.

[30] *Id.*

CASE NO. PUR-2019-00079
JUNE 26, 2019

APPLICATION OF
APPALACHIAN POWER COMPANY and OHIO POWER COMPANY

For approval of affiliate agreement

ORDER GRANTING APPROVAL

On May 13, 2019, Appalachian Power Company ("Appalachian" or "Company") and Ohio Power Company ("OPCo") (collectively, "Applicants") filed an application with the State Corporation Commission ("Commission") pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code")[1] to request approval for Appalachian to acquire approximately 4.3 acres of land from OPCo ("Transfer"). The Transfer requires Affiliates Act approval pursuant to Code § 56-77 A, which states in part that "No contract or arrangement for the purchase, sale, lease or exchange of any property, right or thing...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 and approved by the Commission."

Under the proposed transaction, Appalachian will acquire approximately 4.3 acres of land from OPCo. The property is located roughly 0.3 mile from the Company's Dresden plant, and is adjacent to the Ohio Central Substation, a transmission facility owned and operated by OPCo. An unnamed stream runs through the property, traversed overhead by several transmission lines feeding into the substation.

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[1] Code § 56-76 *et seq* ("Affiliates Act").

At Dresden, Appalachian has a permit from the U.S. Army Corps of Engineers ("USACE") that authorizes the Company to perform maintenance dredging around the plant's water intake structure in the Muskingum River. In exchange for allowing Appalachian to dredge, the permit requires the Company to satisfy two conditions: (1) it must restore the stream that runs through the OPCo property; and (2) it must record a restrictive covenant to protect the stream environmentally. Appalachian has completed the first requirement. To comply with the second, the Company plans to record a conservation easement preserving the stream, but allowing transmission-related activities on the property (aerial crossings, vegetation management, etc.) to continue.

Appalachian currently does not have authority to record the conservation easement because it does not own the land. Accordingly, to ensure that it can fulfill its obligations under the USACE permit, the Company proposes to acquire the property from OPCo. The Company plans to acquire the land at its book value of $2,421, which is consistent with American Electric Power's procedure for transactions between two regulated utilities.

NOW THE COMMISSION, upon consideration of the matter and having been advised by its Staff through Staff's action brief, and having considered the Company's comments thereon, is of the opinion and finds that the proposed Transfer is in the public interest and, therefore, is approved subject to the requirements listed in the Appendix attached to this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Applicants hereby are granted approval of the Transfer as described herein subject to the requirements set forth in the Appendix to this Order.

(2) This case is dismissed.

APPENDIX

1) Within 45 days of the closing, APCo shall file a Report of Action ("Report") with the Commission, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance. The Report shall include the following information:

a. the effective date of the Transfer;
b. the actual consideration (purchase price) paid for the property; and
c. the actual accounting entries, including any tax-related accounting entries, entered on APCo's books to record the Transfer. The Transfer accounting entries should be in accordance with the Uniform System of Accounts for electric distribution utilities.

2) The Company's approval of the Transfer shall have no accounting or ratemaking implications.

3) The Commission's approval granted in this case shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq*. as necessary hereafter.

4) The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

CASE NO. PUR-2019-00080
SEPTEMBER 11, 2019

APPLICATION OF
ROANOKE GAS COMPANY

For approval to amend its SAVE Plan and Rider and to implement a 2020 SAVE Projected Factor Rate and True-Up Factor Rate

ORDER APPROVING SAVE AMENDMENT AND RIDER

On May 14, 2019, Roanoke Gas Company ("Roanoke Gas" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for approval to modify its SAVE Plan and Rider and to implement a 2020 SAVE Projected Factor Rate and True-Up Rate pursuant to § 56-603 *et seq*. of Title 56 of the Code of Virginia ("Code"), the Steps to Advance Virginia's Energy Plan (SAVE) Act. The Company filed this Application in accordance with the Commission's August 29, 2012 Order Approving SAVE Plan and Rider in Case No. PUE-2012-00030,[1] as modified in Case Nos. PUE-2013-00091, PUE-2014-00067, PUE-2015-00076, PUE-2016-00073, and PUR-2018-00102.[2] With its Application, the Company filed documentation of the SAVE qualifying projects that are planned for the 2020 SAVE Plan year[3] and the corresponding SAVE Rider that will be associated with those projects.

Pursuant to Code § 56-604 B, Roanoke Gas requests that the Commission approve the following modifications to its existing SAVE Plan: (1) an extension of the SAVE Plan for an additional three years from its current expiration of December 31, 2021, through September 30, 2024; and (2) an increase to the annual spending limit by 5% to reflect increases in labor and material costs known to the Company.[4]

The Company's anticipated Virginia jurisdictional investment for the 2020 SAVE Plan year is approximately $7.8 million.[5] Because its current weighted average cost of capital has not changed by order of the Commission within the preceding five years, Roanoke Gas proposes an updated cost of capital in this case, as permitted by Code § 56-603.[6] Specifically, the Company proposes the use of its June 30, 2018 capital structure and the cost of capital that it has proposed in its pending general rate case, PUR-2018-00013.[7] Based on the proposed SAVE investment for the 2020 SAVE Plan year, Roanoke Gas estimates a Projected Factor revenue requirement of $1,223,027, effective October 1, 2019.[8]

The Company also submitted a summary of the results of the calendar year 2018 actual investment and revenue for the SAVE qualifying projects completed during the period of January 1, 2018, through December 31, 2018. Because Roanoke Gas's SAVE revenues for calendar year 2018 exceeded the actual costs of its 2018 SAVE Projects, the Company proposes to credit customers $532,174 through the 2020 True-Up Factor, beginning October 1, 2019.[9] In total, the Company proposes a credit of $536,722, which includes the 2018 SAVE year credit plus reconciliation activity related to previous SAVE years.[10]

On May 31, 2019, the Commission issued an Order for Notice and Comment in this proceeding that, among other things, docketed the Application; required Roanoke Gas to publish notice of its Application; and gave interested persons the opportunity to participate in this proceeding and to comment or request a hearing on the Company's Application. Although the Commission did not receive any requests for a hearing, one comment was filed.

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[1] *Application of Roanoke Gas Company, For approval of a SAVE Plan and Rider pursuant to Virginia Code § 56-603 et seq.*, Case No. PUE-2012-00030, 2012 S.C.C. Ann. Rept. 422, Order Approving SAVE Plan and Rider (Aug. 29, 2012).

[2] *See Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider,* Case No. PUE-2013-00091, 2013 S.C.C. Ann. Rept. 447, Order Approving Amended SAVE Plan and Rider (Dec. 9, 2013); *Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider,* Case No. PUE-2014-00067, 2014 S.C.C. Ann. Rept. 464, Final Order (Sept. 26, 2014); *Application of Roanoke Gas Company, For modification of its SAVE Plan and Rider,* Case No. PUE-2015-00076, 2015 S.C.C. Ann. Rept. 361, Order Approving Amended Save Plan and Rider (Sept. 25, 2015); *Application of Roanoke Gas Company, For a modification of its SAVE Plan and Rider*, Case No. PUE-2016-00073, 2016 S.C.C. Ann. Rept. 435, Order Approving Amended Save Plan and Rider (Oct. 18, 2016); and *Application of Roanoke Gas Company, For approval to amend its SAVE Plan and Rider and to implement a 2019 SAVE Projected Factor Rate and True-up Factor Rate*, Case No. PUR-2018-00102, Doc. Con. Cen. No. 180930118, Order Approving SAVE Amendment and Rider (Sept. 27, 2018).

[3] The Company's 2020 Save Plan year runs from October 1, 2019, through September 30, 2020. Application at 3. In 2018, the Commission approved the Company's request to change its SAVE Plan year from a calendar year to a fiscal year. *See Application of Roanoke Gas Company, For approval to amend its SAVE Plan and Rider and to implement a 2019 SAVE Projected Factor Rate and True-up Factor Rate*, Case No. PUR-2018-00102, Doc. Con. Cen. No. 180930118, Order Approving SAVE Amendment and Rider (Sept. 27, 2018).

[4] *See, e.g.*, Application at 3; Direct Testimony of C. James Shockley ("Shockley") at 4.

[5] Shockley at 4.

[6] Direct Testimony of Niklas E. Banka ("Banka") at 4-5.

[7] *Id.* at 5. *See Application of Roanoke Gas Company, For a general increase in rates*, Case No. PUR-2018-00013, Doc. Con. Cen. No. 181050341, Application (Oct. 10, 2018).

[8] Banka at 4.

[9] *Id.* at 3.

[10] *Id.*

On July 25, 2019, the Commission's Staff ("Staff") filed a report ("Staff Report") containing Staff's analysis of the Application and providing conclusions and recommendations for the Commission's consideration. Specifically, the Staff Report states that Staff does not oppose the Company's proposed amendment to increase the length and the spend of its SAVE plan.[11] In the Staff Report, Staff also calculates a total 2020 SAVE Rider revenue requirement of $573,194, which consists of a True-Up Factor revenue requirement of ($543,131) and a 2020 Projected Factor revenue requirement of $1,116,325.[12] Staff notes that its total revenue requirement calculation of $573,194 is $113,112 less than the $686,306 that the Company requested in its Application and provided in its public notice.[13]

In contrast, Staff does not support the cost allocation methodology proposed by the Company because of discrepancies between the approved allocation factors from the Company's 2013 rate case, Case No. PUR-2013-00076,[14] and the Company's proposed allocation factors in this case.[15] Staff recommends using the updated allocation factors that it proposed in Case No. PUR-2018-00013, the Company's pending rate case.[16] Additionally, Staff offers an alternative rate design methodology that would collect the revenue requirement on a volumetric basis instead of a fixed basis.[17] Staff asserts that the volumetric recovery more accurately reflects how the rates will ultimately be designed in a future rate base proceeding and that it more closely matches the Staff's rate design recommendation in Case No. PUR-2018-00013.[18]

On August 1, 2019, Roanoke Gas filed its Response to Staff Report ("Response"). In its Response, the Company states that, in general, it agrees with most of Staff's conclusions and recommendations.[19] Roanoke Gas requests that the Commission approve its Application, including the proposed modifications to its SAVE Plan and the Staff's revised revenue requirements.[20] The Company further requests, however, that the Commission reject Staff's proposed changes to revenue allocation and rate design.[21]

On August 26, 2019, the Company moved to file supplemental comments regarding implementation of a volumetric charge for the SAVE Rider.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that the Company's request to modify its SAVE Plan and Rider should be granted as described herein. We find that the Company's 2020 SAVE Projected Factor Rate and True-Up Rate, as modified in the Staff Report and agreed to by the Company, should be approved. We approve the Company's proposed revenue apportionment as revenue apportionment changes are more appropriately decided in a fully litigated proceeding. We note that the Company currently has a base rate case pending. Additionally, the revenue requirement for the SAVE Rider should be collected by the Company as a fixed charge as has previously been approved.[22] Lastly, we find that the Company's Motion to File Supplemental Comments should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application, as modified herein and as agreed to by the Company, is approved. Rates consistent with this Order shall become effective beginning October 1, 2019, and remain in effect until September 30, 2020.

(2) Roanoke Gas shall forthwith file with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance revised tariffs for the 2020 SAVE Rider, with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order. The Clerk shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) The Company's Motion to File Supplemental Comments hereby is granted.

(4) This matter is dismissed.

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[11] Staff Report at 13.

[12] *Id.*

[13] *Id.*

[14] *Application of Roanoke Gas Company, For an expedited increase in rates*, Case No. PUR-2013-00076, 2014 S.C.C. Ann. Rept. 296, Final Order (May 9, 2014).

[15] Staff Report at 13.

[16] *Id. See Application of Roanoke Gas Company, For a general increase in rates*, Case No. PUR-2018-00013, Doc. Con. Cen. No. 190640106, Prefiled Staff Testimony (June 28, 2019).

[17] Staff Report at 11.

[18] *Id.* at 11, 13. *See Application of Roanoke Gas Company, For a general increase in rates*, Case No. PUR-2018-00013, Doc. Con. Cen. No. 190640106, Prefiled Staff Testimony (June 28, 2019).

[19] Response at 2.

[20] Response at 10.

[21] *Id.*

[22] As with revenue apportionment issues, rate design issues are more appropriately decided in a fully litigated proceeding.

CASE NO. PUR-2019-00081
OCTOBER 31, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of a voluntary renewable energy rate, designated Rider REC, pursuant to § 56-234 A of the Code of Virginia

ORDER APPROVING TARIFF

On May 15, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to § 56-234 A of the Code of Virginia and Rule 80 A of the Commission's Rules of Practice and Procedure,[1] for approval of a voluntary rate, designated Rider REC, whereby participating customers can elect to purchase renewable energy certificates ("RECs") sourced from a broad range of generation facilities across the United States to match all or a portion of a participating customer's usage.[2]

According to the Company, Rider REC will provide customers with a lower cost option to purchase RECs, compared to its existing Rider G,[3] and aims to build on the success of the Company's Green Power Program by broadening the geographic boundaries and available renewable energy supply options from which RECs will be procured on customers' behalf.[4]

The Company states that Rider REC will be available to any residential or non-residential customer who currently takes electric supply service pursuant to, or who otherwise qualifies to take service under, an approved tariff rate schedule for bundled electric service from the Company.[5] Customers taking temporary service from the Company or taking electric supply service from a competitive service provider, however, are not eligible to participate in Rider REC.[6]

The Company provides two enrollment options for Rider REC: (1) participants may purchase blocks of RECs on a monthly (or billing period) basis where each block equates to 100 kilowatt-hours ("kWh") for a fixed price per block; or (2) participants can match 100% of their monthly (or billing period) usage in kWh.[7] For both enrollment options, Rider REC will offer the same fixed price per kWh.[8] Dominion states that customers may terminate service under Rider REC by giving the Company at least 30 days' prior notice.[9] The Company indicates that it may file periodically with the Commission to amend the pricing of Rider REC or to make other revisions in response to changing market conditions or customer feedback.[10]

On May 31, 2019, the Commission issued an Order for Notice and Comment in this proceeding that directed Dominion to provide public notice of its Application and provided interested persons the opportunity to file comments, a notice of participation, and a request for a hearing on the Company's Application. The Commission also directed the Staff of the Commission ("Staff") to investigate the Application and file a report containing the Staff's findings and recommendations.

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[1] 5 VAC 5-20-10 *et seq*.

[2] Application at 1.

[3] The Company states that Rider G is a current voluntary offering that allows customers to purchase regional premium RECs to match all or a portion of their usage. Direct Testimony of Derek L. Wenger ("Wenger Direct") at 3. The Commission previously approved Rider G in Case No. PUE-2008-00044. *See Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval of its Renewable Energy Tariff*, Case No. PUE-2008-00044, 2008 S.C.C. Ann. Rept. 539, Order Approving Tariff (Dec. 3, 2008).

[4] Wenger Direct at 2.

[5] Application at 3; Direct Testimony of Timothy P. Stuller, Jr. ("Stuller Direct"), at 2.

[6] Application at 3; Stuller Direct at 2.

[7] Application at 3; Wenger Direct at 4.

[8] Stuller Direct at 2.

[9] Application at 3; Stuller Direct at 3.

[10] Stuller Direct at 3.

Notices of participation were filed by Sun Tribe Solar LLC ("Sun Tribe") and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"). Comments were filed by Sun Tribe, Consumer Counsel, the Maryland-DC-Delaware-Virginia Solar Energy Industry Association ("MDV SEIA"), and individual members of the public. Sun Tribe questioned whether Rider REC would support the development of any new renewable energy resources in Virginia or elsewhere, or serve any other public purpose.[11] Among other things, Sun Tribe also recommended that the Commission require the Company to disclose in any marketing materials the nature and quality of the RECs to be purchased under Rider REC.[12] Consumer Counsel generally did not oppose approval of Rider REC.[13] Among other things, MDV SEIA expressed concerns that Rider REC offers "lower-quality" RECs that may not support any new renewable energy development and that Rider REC may not utilize any RECs associated with solar energy.[14] No party requested that the Commission convene a hearing on Rider REC.

On September 24, 2019, the Staff filed a Staff Report. The Staff Report stated that Staff could not support approval of Rider REC as presented in the Application. Staff expressed concerns over (i) the broad geographic extent over which the Company proposed to purchase RECs; (ii) the type and vintage of the sources of the proposed RECs to be purchased by participants; and (iii) the potential cost difference of the proposed RECs to be purchased compared to the proposed rate for Rider REC.[15]

On October 15, 2019, the Company filed its response ("Response") to the Staff Report and other filed comments. In the Response, the Company presented certain revisions to proposed Rider REC in response to recommendations provided in the Staff Report and consistent with certain recommendations made by Sun Tribe and Consumer Counsel. The Company proposed to modify the REC requirements to source RECs from the less expensive of (i) PJM Tier II RECs or (ii) national Green-e eligible RECs.[16] The Company asserts this modification would ensure that the RECs have a certain geographic range or vintage, mitigating Staff's concerns.[17] In addition, the Company proposed to offer Rider REC at a rate of $0.75 per megawatt-hour, compared to the originally-proposed amount of $1.00 per megawatt-hour.[18] The Company further indicated that the Rider REC rate will be re-evaluated in the Company's next triennial review proceeding, if necessary.[19]

The Company's Response also reiterates that Rider REC will hold non-participating customers harmless.[20] Specifically, to the extent the costs of Rider REC exceed the revenues, the Company states that it will not seek cost recovery for the difference from participants or non-participants.[21] The Company further proposes to credit base rate earnings for any excess Rider REC revenues for consideration in future triennial reviews.[22]

The Response affirms the Company's agreement that accurate marketing materials for Rider REC are important.[23] To that end, the Company commits that any marketing materials for Rider REC will clearly explain the source of the RECs purchased.[24] The Response indicates that Staff does not oppose the proposed revisions to Rider REC.[25]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Dominion's proposed voluntary Rider REC, as modified as set forth in the Company's Response, is reasonable and should be approved. Consistent with the Company's commitment as set forth in the Response, Rider REC, as well as any associated marketing materials, shall clearly identify the source of the RECs available for purchase under Rider REC (*i.e.*, the less expensive of PJM Tier II RECs or national Green-e eligible RECs). The Commission further finds that Rider REC shall hold non-participating customers harmless and that the Company shall credit base rate earnings for any excess Rider REC revenues for consideration in future triennial reviews.

Accordingly, IT IS ORDERED THAT:

(1) The Company's proposed Rider REC, as modified by the Company's Response, is approved, subject to the limitations set forth herein.

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[11] Sun Tribe Comments at 1.

[12] *Id.* at 5-6.

[13] Consumer Counsel Comments at 1.

[14] MDV SEIA Comments at 1-2.

[15] Staff Report at 3-9.

[16] Company Response at 2 and Attachment A.

[17] Company Response at 2.

[18] Company Response at 3 and Attachment A; Application at 2-3.

[19] Company Response at 3 and Attachment A.

[20] Company Response at 3.

[21] *Id.*

[22] *Id.*

[23] *Id.* at 4.

[24] *Id.*

[25] *Id.* at 1.

(2) The Company shall file, within thirty (30) days of the date of this Order Approving Tariff, a revised Rider REC with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth in this Order Approving Tariff. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) Rider REC, as approved herein, shall become effective for bills rendered on or after the first day of the month that is at least sixty (60) calendar days following the date hereof.

(4) This matter is dismissed.

CASE NO. PUR-2019-00083
JUNE 24, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to issue $8.0 billion in debt and preferred securities, establish trust financing facilities, enter into anticipatory hedging transactions and enter into an inter-company financing arrangement with Dominion Energy, Inc.

ORDER GRANTING AUTHORITY

On May 17, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV" or "the Company") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapters 3[1] and 4[2] of Title 56 of the Code of Virginia ("Code") requesting authority to: (i) issue up to $8.0 billion in debt and/or preferred stock ("Securities"); (ii) enter into agreements for the creation of one or more trust financing facilities with affiliates ("Trusts"); (iii) enter into an affiliate financing arrangement with its corporate parent, Dominion Energy, Inc. ("DEI"); and (iv) enter into up to $8.0 billion of anticipatory hedging transactions, from time to time through July 31, 2023. The Company paid the requisite fee of $250. Pursuant to § 56-61 of the Code, the Commission extended its jurisdiction over the matter until July 11, 2019, by Extension Order dated June 5, 2019.

The $8.0 billion aggregate principal amount of securities issued by DEV will be in the form of Senior Notes, Junior Subordinated Debentures, Sub-Junior Subordinated Notes, and Preferred Stock and inter-company debt to DEI. In conjunction with the issuance of the Securities, DEV proposes to establish one or more Trusts. According to DEV, the Trusts will exist to facilitate the issuance of preferred securities, investing the proceeds from the sales in DEV's Junior Subordinated Notes and/or Sub-Junior Subordinated Notes and conducting other activities in connection with the financing.

The Securities may be issued in various series with various maturities and would bear interest or pay dividends at rates determined in accordance with their stated maturity, terms and features, and financial market conditions at the time of sale. DEV proposes to market the Securities on a competitive or negotiated basis at market rates to or through underwriters and dealers publicly or through placements with investors, as and when it is economically desirable to do so. The Securities may also be sold directly to purchasers or through agents at market rates.

DEV also proposes to issue inter-company debt to its parent, DEI, in the form of Tracking Notes. According to DEV, the Tracking Notes would in all material respects mimic the provisions of similar securities issued to the capital markets by DEI. The Company further states that this mechanism would only be used in instances wherein DEI can either more economically or efficiently issue debt or preferred instruments than a direct issuance by the Company.

Net proceeds from the proposed securities issuances will be used to meet a portion of the Company's capital requirements such as construction, upgrading and maintenance expenditures, capacity expansion, and the refunding of outstanding preferred securities.

DEV also proposes to enter into anticipatory hedging transactions related to the issuance of the Securities. DEV states that the purpose of entering into anticipatory hedging transactions is to provide a mechanism to mitigate the economic uncertainty related to movements in the value of pricing benchmarks between the date of the hedging transaction and the anticipated pricing date of the new issuance. The Company proposes to limit such hedging authority in a manner similar to that authorized by the Commission in Case No. PUF-1997-00019 as amended or superseded from time to time.[3]

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff through Staff's action brief and having considered the Company's comments thereon, is of the opinion and finds that approval of the Application as modified herein and subject to the requirements set forth in the Appendix attached to this Order, will not be detrimental to the public interest. The modification relates to the affiliate financing arrangement between DEV and DEI for which we find that the amount of debt to be issued by DEV to DEI shall not exceed $500 million. The Company has stated that it agrees with this limitation.

Accordingly, IT IS ORDERED THAT:

(1) DEV is hereby granted approval of the Application as described herein subject to the requirements set forth in the Appendix attached to this Order.

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

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[1] Code § 56-55 *et seq*.

[2] Code § 56-76 *et seq*.

[3] *In the matter of Virginia Electric and Power Company, Interest Rate Swap Agreements,* Case No. PUF-1997-00019, 1997 S.C.C. Ann. Rept. 469, Order (November 24, 1997).

APPENDIX

1) DEV is authorized to issue up to $8.0 billion in aggregate of its Securities and inter-company debt and establish one or more Trusts for the issuance of securities under the terms and conditions and for the purposes set forth in the Application from the date of the Order through July 31, 2023, provided that any refinancing prior to maturity results in demonstrated cost savings to DEV and that the amount of the inter-company credit arrangement with DEI is limited to $500 million.

2) DEV shall notify Staff in advance should it intend to enter into the inter-company affiliate arrangement with DEI. The notification shall include a description of the securities to be issued by DEI and why it is beneficial to DEV.

3) DEV is authorized to enter into anticipatory hedging transactions in conjunction with Securities authorized herein, up to a notional maximum amount of $8.0 billion, under the terms and conditions and for the purposes set forth in the Application.

4) DEV shall submit a preliminary report of action within ten (10) days after the issuance of any Securities or inter-company debt pursuant to this Order to include the type of security, the date of issuance, the face amount of the issue, the interest rate or dividend rate, the maturity date, the net proceeds to DEV, and the yield to maturity on a U. S. Treasury security of comparable maturity. The preliminary report shall also include a copy of the inter-company financing agreement if it has been executed.

5) Within 60 days of the end of each calendar quarter in which Securities or inter-company debt are issued, DEV shall file a more detailed report to include the information required in paragraph (4), and an itemized list of actual expenses to date associated with the Securities issuances, a comparison of the effective rate of Securities issued and any securities refunded prior to maturity, use of proceeds, detailed explanation of any hedging transaction entered into, the cumulative principal amount of Securities issued under the authority granted herein, the amount of Securities remaining to be issued, and a balance sheet reflecting the actions taken.

6) On or before September 30, 2023, DEV shall file a final report of action to include all information required in paragraph (5) that incorporates then-current actual expenses and fees paid for the proposed Securities issuances.

7) The approval granted in this case shall have no accounting or ratemaking implications.

8) This matter shall remain under the continued review, audit, and appropriate directive of the Commission.

CASE NO. PUR-2019-00084
JULY 1, 2019

JOINT PETITION OF
SQF HOLDCO, LLC, SDC TILSON INVESTOR, LLC, and SQF, LLC

For approval of the transfer of control of SQF, LLC, pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On May 15, 2019, SQF Holdco, LLC ("SQF Holdco"), SDC Tilson Investor, LLC ("SDC"), and SQF, LLC ("SQF") (collectively, "Petitioners"),[1] filed a Joint Petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"),[2] requesting approval of the proposed transfer of control of SQF to SDC ("Transfer"). The Petitioners also disclosed a series of transactions that occurred in early 2019 related to the ownership structure of SQF under Tilson ("Prior Transactions"), and asked for Commission approval of those transactions if it is determined that approval is required.[3] The Petitioners also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*.

SQF is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to its certificates of public convenience and necessity issued by the Commission.[4] Pursuant to the terms of an Investment Agreement between SDC and SQF, dated February 27, 2019, upon completion of the proposed Transfer, SDC, and its private investors, will own a majority of the membership interests in SQF, with the remainder held by SQF's current owner, SQF Holdco.

The Petitioners assert that, although SQF does not currently have any customers in Virginia, SQF will continue to provide services at the same rates, terms and conditions of service as currently offered following the Transfer. Information provided with the Petition indicates that SQF will continue to have the financial, managerial, and technical resources available to provide telecommunications services in Virginia following the completion of the

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[1] Tilson Technology Management, Inc. ("Tilson"), is also considered a Petitioner and has provided the statutorily required verifications. The privately held entities identified confidentially and under seal in Confidential Attachment B to the Petition are also considered to be Petitioners, and have provided the statutorily required verifications.

[2] Code § 56-88 *et seq*. ("Utility Transfers Act").

[3] *See* Petition at 2, n.1.

[4] *See Application of SQF, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia,* Case No. PUC-2016-00060, 2017 S.C.C. Ann. Rept. 276, Final Order (Apr. 20, 2017).

proposed Transfer. The Petitioners note that in addition to the managerial and technical resources of SDC, SQF will continue to have access to managerial and technical resources of Tilson pursuant to a Services Agreement between Tilson and SQF, whereby Tilson will provide direct staffing and general and administrative services to SQF. The Petitioners also provided the financial statements and management biographies of SDC and Tilson.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the above-described Transfer should be approved. As to the Prior Transactions, we find that approval under the Utility Transfers Act is required for the reorganization described in the Petition, and should be approved herein out of time. We remind the Petitioners to be more diligent in complying with the prior approval requirements of the Utility Transfers Act in the future. The Commission also finds that the Petitioners' Motion is no longer necessary and, therefore, should be denied.[5]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-88.1 and 56-90, the Petitioners hereby are granted approval of the Transfer and the Prior Transactions as described herein.

(2) The Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Transfer, which shall note the date the Transfer occurred.

(3) The Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(4) This case is dismissed.

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[5] The Commission held the Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUR-2019-00090
AUGUST 9, 2019

APPLICATION OF
SOUTHSIDE ELECTRIC COOPERATIVE

For a general increase in electric rates

ORDER FOR NOTICE AND HEARING

On July 19, 2019, Southside Electric Cooperative ("SEC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to §§ 56-231.33, 56-231.34, 56-236, 56-238, and 56-585.3 of the Code of Virginia ("Code") requesting approval of a proposed increase in rates and charges for bills rendered on or after January 7, 2020.[1]

SEC represents that a rate increase is needed due to low customer growth and increased costs.[2] Specifically, the Cooperative seeks an increase in jurisdictional sales revenues of $8.019 million to pay expenses, service debt, fund capital additions, and meet the financial goals established by SEC's Board of Directors.[3] The proposed increase would produce total rate year jurisdictional margins of $9.320 million, a 2.35x Times Interest Earned Ratio ("TIER"), a debt service coverage ratio of 1.74x, and 5.74% rate of return on rate base.[4]

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[1] Application at 4. SEC clarifies that while its proposed base rates would take effect for bills rendered on and after January 7, 2020, its new Schedule AS-1 is proposed to take effect for bills rendered on and after February 1, 2020. *Id.* at 4, Schedule 5A.

[2] *Id.* at 3.

[3] *Id.*

[4] *Id.* at 3-4. The Cooperative is not requesting that the Commission set a TIER of 2.35x and adjust its proposed rates to that TIER. SEC requests that the Commission approve rates as proposed provided the resulting TIER is within a reasonable rate that would normally be recommended for cooperatives in Virginia. *Id.* at 4.

The Cooperative proposes a demand charge for its Schedule A, Schedule A-TOU, and Schedule GSS members.[5] SEC states that by separating demand costs from consumption costs, the Cooperative's members will be able to control both types of costs, rather than just consumption costs.[6] To update Schedule A kilowatt hour sales for the rate year, calendar year 2020, SEC proposes to use a five-year average monthly consumption, rather than the test year, calendar year 2018, average of monthly consumption.[7] Additionally, the Cooperative proposes to incorporate seasonal price differentials for the electric supply service portions of generation and transmission charges.[8] SEC also proposes to introduce Schedule AS-1, a new rider to Schedule I that will pass through the cost effects of purchasing power from an alternative supplier to Old Dominion Electric Cooperative ("ODEC").[9]

Of the proposed $8.019 million rate year revenue increase, SEC allocates the largest percentage increase of 7.66% to Schedule A (Residential), which equals $7.8365 million; the next largest percentage increase of 5.79% to Schedule GSS, which equals $173,339; minimal increases to Schedules I and A-TOU; and non-material increases to Schedules GTP and SL.[10] The Cooperative indicates that overall jurisdictional sales revenue increase is 6.87%.[11]

SEC also proposes to adjust its Schedule PCA-1 to (1) reflect the rate year level of power cost recovered in proposed base rates; (2) change the Southeastern Power Administration ("SEPA") factor definition to incorporate the addition of Morgan Stanley as a supplier; (3) clarify that SEPA rate changes or allocations and changes in price or volume from a non-ODEC supplier do not require a corresponding change in the power cost adjustment factor midyear unless the changes materially affect power cost; and (4) eliminate the non-purchased power cost element in the over- and under-recovery amount calculation.[12]

The Cooperative requests that its proposed rates and charges be approved and that the Commission authorize such rates to be put into effect for bills rendered on and after January 7, 2020, as interim rates subject to refund, if necessary, as provided in Code § 56-238.[13]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that SEC should provide notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Cooperative's Application; a procedural schedule should be established to allow interested persons an opportunity to file written or electronic comments on the Cooperative's Application or to participate in this proceeding as a respondent; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We also find that a Hearing Examiner should be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2019-00090.

(2) As provided by Code § 12.1-31 and Rule 5 VAC 5-20-120, *Procedures before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),[14] a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(3) SEC may implement its proposed rates, subject to refund with interest, for bills rendered on and after January 7, 2020.

(4) A public hearing shall be convened at 10 a.m. on February 4, 2020, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record the testimony of public witnesses and evidence of the Cooperative, any respondents, and the Staff. Any person desiring to offer testimony as a public witness need only appear at the hearing location fifteen (15) minutes before the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

(5) The Cooperative shall make copies of a public version of its Application, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at each of the Cooperative's business offices in the Commonwealth of Virginia. A copy may also be obtained by submitting a written request to counsel for SEC, Garland S. Carr, Esquire, Williams Mullen, 200 South 10th Street, Suite 1600, Richmond, Virginia 23219. If acceptable to the requesting party, the Cooperative may provide the documents by electronic means. Copies of the public version of all documents filed in this case 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 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

(6) On or before September 9, 2019, SEC shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Cooperative's service territory:

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[5] *Id.* at 4.

[6] *Id.*

[7] *Id.* at 5.

[8] *Id.*

[9] *Id.*

[10] *Id.* at 8-9; Direct Testimony of Jack D. Gaines at 24.

[11] Application at 9.

[12] *Id.*

[13] *Id.* at 10.

[14] 5 VAC 5-20-10 *et seq.*

NOTICE TO THE PUBLIC OF
SOUTHSIDE ELECTRIC COOPERATIVE'S APPLICATION
FOR A GENERAL INCREASE IN RATES
CASE NO. PUR-2019-00090

On July 19, 2019, Southside Electric Cooperative ("SEC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to §§ 56-231.33, 56-231.34, 56-236, 56-238, and 56-585.3 of the Code of Virginia requesting approval of a proposed increase in rates and charges for bills issued on or after January 7, 2020.

SEC represents that a rate increase is needed due to low customer growth and increased costs. Specifically, the Cooperative seeks an increase in jurisdictional sales revenues of $8.019 million to pay expenses, service debt, fund capital additions, and meet the financial goals established by SEC's Board of Directors. The proposed increase would produce total rate year jurisdictional margins of $9.320 million, a 2.35x Times Interest Earned Ratio, a debt service coverage ratio of 1.74x, and 5.74% rate of return on rate base.

The Cooperative proposes a demand charge for its Schedule A, Schedule A-TOU, and Schedule GSS members. SEC states that by separating demand costs from consumption costs, the Cooperative's members will be able to control both types of costs, rather than just consumption costs. To update Schedule A kilowatt hour sales for the rate year, calendar year 2020, SEC proposes to use a five-year average monthly consumption, rather than the test year, calendar year 2018, average of monthly consumption. Additionally, the Cooperative proposes to incorporate seasonal price differentials for the electric supply service portions of generation and transmission charges. SEC also proposes to introduce Schedule AS-1, a new rider to Schedule I that will pass through the cost effects of purchasing power from an alternative supplier to Old Dominion Electric Cooperative ("ODEC").

Of the proposed $8.019 million rate year revenue increase, SEC allocates the largest percentage increase of 7.66% to Schedule A (Residential), which equals $7.8365 million; the next largest percentage increase of 5.79% to Schedule GSS, which equals $173,339; minimal increases to Schedules I and A-TOU; and non-material increases to Schedules GTP and SL. The Cooperative indicates that overall jurisdictional sales revenue increase is 6.87%.

SEC also proposes to adjust its Schedule PCA-1 to (1) reflect the rate year level of power cost recovered in proposed base rates; (2) change the Southeastern Power Administration ("SEPA") factor definition to incorporate the addition of Morgan Stanley as a supplier; (3) clarify that SEPA rate changes or allocations and changes in price or volume from a non-ODEC supplier do not require a corresponding change in the power cost adjustment factor midyear unless the changes materially affect power cost; and (4) eliminate the non-purchased power cost element in the over- and under-recovery amount calculation.

The Cooperative represents that it is not making any substantive changes to its Terms and Conditions at this time. Notwithstanding, SEC will need to make several non-substantive revisions to its Terms and Conditions to reflect the changes being made to its rate schedules. Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals. While the total revenue that may be approved by the Commission is limited to the amount produced by the Cooperative's proposed rates, TAKE NOTICE that the Commission may approve revenues and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The Commission entered an Order for Notice and Hearing that, among other things, permits the Cooperative to place its proposed rates, charges, and terms and conditions of service into effect, subject to refund, for bills rendered on and after January 7, 2020.

The Commission's Order for Notice and Hearing scheduled a public hearing at 10 a.m. on February 4, 2020, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Cooperative, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

Copies of the public version of all documents filed in this case are available for interested persons to review in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: http://www.scc.virginia.gov/case.

Copies of the Cooperative's Application and the Commission's Order for Notice and Hearing also may be inspected during regular business hours at each of the Cooperative's business offices in the Commonwealth of Virginia. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Cooperative: Garland S. Carr, Esquire, Williams Mullen, 200 South 10th Street, Suite 1600, Richmond, Virginia 23219. If acceptable to the requesting party, the Cooperative may provide the documents by electronic means.

On or before January 7, 2020, any interested person may file written comments on the Cooperative's 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 January 7, 2020, by following the instructions found on the Commission's website: http://www.scc.virginia.gov/case. Compact disks or any other form of electronic storage medium cannot be filed with the comments. All such comments shall refer to Case No. PUR-2019-00090.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before October 30, 2019. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address set forth above. A copy of the notice of participation shall be sent to counsel for SEC at the address set forth above. Pursuant to Rule 5 VAC 5-20-80, Participation as a respondent, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by Rule 5 VAC 5-20-30, Counsel, of the Rules of Practice. All filings shall refer to Case No. PUR-2019-00090. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

All documents filed in the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The Commission's Rules of Practice may be viewed at the Commission's website: http://www.virginia.scc.gov/case. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.

SOUTHSIDE ELECTRIC COOPERATIVE

(7) On or before September 9, 2019, SEC shall serve a copy of its Application and this Order for Notice and Hearing on the following local officials, to the extent the position exists, in each county, city, and town in which the Cooperative provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city and town; and the county, city, or town attorney. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(8) On or before October 1, 2019, SEC shall file proof of the notice and service required by Ordering Paragraphs (6) and (7), including the name, title, and address of each official served, with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(9) On or before January 7, 2020, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (8). Any interested person desiring to file comments electronically may do so on or before January 7, 2020, by following the instructions found on the Commission's website: http://www.scc.virginia.gov/case. Compact disks or any other form of electronic storage medium cannot be filed with the comments. All comments shall refer to Case No. PUR-2019-00090.

(10) On or before October 30, 2019, any person or entity may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (8), and each respondent shall serve a copy of the notice of participation on counsel to SEC at the address set forth in Ordering Paragraph (5). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2019-00090.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Cooperative shall serve upon the respondent a copy of this Order for Notice and Hearing, a copy of the public version of this Application, and all public materials filed by the Cooperative with the Commission, unless these materials already have been provided to the respondent.

(12) On or before November 22, 2019, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) and serve on the Staff, the Cooperative, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (8). In all filings, respondents shall comply with the Commission's Rules of Practice, including, but not limited to: 5 VAC 5-20-140, *Filing and service,* and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2019-00090.

(13) The Staff shall investigate the Application. On or before December 12, 2019, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of testimony and exhibits concerning the Application, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to the Cooperative and all respondents.

(14) On or before January 3, 2020, SEC shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Cooperative shall serve a copy thereof on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (8).

(15) All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format,* of the Commission's Rules of Practice.

(16) The Commission's 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: responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) business days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.[15] Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq*.

(17) This matter is continued.

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[15] The assigned Staff attorney is identified on the Commission's website: http://www.scc.virginia.gov/case, by clicking "Docket Search," then "Search Cases," and entering the case number, PUR-2019-00090, in the appropriate box.

CASE NO. PUR-2019-00091
AUGUST 5, 2019

PETITION OF
BEDFORD REGIONAL WATER AUTHORITY and MARINERS LANDING WATER & SEWER COMPANY, INC.

For approval of a transfer of a public utility

ORDER GRANTING APPROVAL

On June 7, 2019, Bedford Regional Water Authority ("Authority") and Mariners Landing Water & Sewer Company, Inc. ("Mariners Landing") (collectively "Petitioners"),[1] filed a petition ("Petition") pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code")[2] with the State Corporation Commission, seeking approval for Mariners Landing to transfer to the Authority the Systems that its four subsidiaries currently operate in the Mariners Landing service area in Bedford County, Virginia ("Transfer").

On May 22, 2019, the Petitioners entered into an agreement whereby Mariners Landing agreed to transfer the Systems to the Authority for $100,000. Upon closing of the proposed Transfer, the Authority agrees to operate and maintain the Systems. In response to informal discussions, the Petitioners stated that they are currently in the process of finalizing the granting of easements to the Authority. The Petitioners state that the Authority is a governmental entity that provides water and wastewater services to residential and commercial customers throughout Bedford County and the Town of Bedford, Virginia, and is better equipped over the long term to provide services to the Systems' customers.

After closing of the Transfer, the Petition states that the customers will pay $31.90 per month for water and $48.32 per month for sewer, a slight increase from the current rates of Mariners Landing. The Petition also states that the Authority will make significant capital improvements, such as an extension of its existing water distribution system to connect the Systems, to eliminate the use of existing wells as a source of raw water. The Authority also expects to upgrade the System's meter replacements, make pump repairs and replacements, and invest in new monitoring systems. The Petition further states that the anticipated upgrades will be completed within the first twelve months of operation of the Systems and are estimated to cost approximately $400,000.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through Staff's action brief, is of the opinion and finds that because: (1) customers will benefit from the transfer of Mariners Landings' public utility facilities to the Authority; and (2) the Authority will maintain and make capital improvements to the Systems, the above-described 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 subject to certain requirements set forth herein.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-89 and 56-90 of the Code, the Petitioners hereby are granted approval of the Transfer as described herein.

(2) Within thirty (30) days of completing the Transfer, the Petitioners shall file a Report of Action with the Commission that includes the date of the consummation of the Transfer, confirmation that all easements have been granted to the Authority, and a copy of all such easements along with any available maps thereof.

(3) Mariners Landing shall provide all records related to the transferred Systems' assets to the Authority at closing.

(4) Mariners Landing's and/or its affiliates' certificates for the systems shall be cancelled upon receipt of the Report of Action.

(5) This case is dismissed.

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[1] Four of Mariners Landing's affiliates, Craddock Oaks Developers, Inc., J.W. Holdings, Inc., M&J Developers, Inc., and Smith Mountain Lake Land Co., LLC, are title holders to the water distributions and wastewater treatment and transmission system' ("System") assets, easements, and licenses to be transferred. Thus, the four affiliates are also considered Petitioners and have provided the necessary statutorily required verifications.

[2] Code § 56-88 *et seq.*

CASE NO. PUR-2019-00092
AUGUST 8, 2019

APPLICATION OF
TELCO PROS INC. d/b/a TPI EFFICIENCY

For a license to do business as an electricity and natural gas aggregator

ORDER GRANTING LICENSE

On June 19, 2019, Telco Pros Inc. d/b/a TPI Efficiency ("TPI Efficiency" or "Company"), completed the filing of an application with the State Corporation Commission ("Commission") for a license to do business as an electricity and natural gas aggregator in the Commonwealth of Virginia ("Application"). The Company seeks authority to market aggregation services to eligible commercial and industrial customers in the service territories in Virginia that are open to retail choice competition.[1]

TPI Efficiency attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").[2]

On July 2, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order") that, in part, required the Company to serve a copy of the Procedural Order on the electric and gas utilities identified in Attachment A to the Procedural Order, and directed the Staff of the Commission ("Staff") to analyze the Application and present its findings in a report ("Report"). By letter filed with the Commission on July 8, 2019, the Company certified that it had completed the service required by the Commission's Procedural Order.

Comments were filed by Kentucky Utilities Company d/b/a Old Dominion Power Company and Virginia Electric and Power Company on July 25, 2019.

On July 30, 2019, the Staff filed its Report, which summarized TPI Efficiency's Application and evaluated its financial and technical fitness. Staff recommended that a license be granted to TPI Efficiency to conduct business as an aggregator of electricity and gas.

NOW THE COMMISSION, upon consideration of the Application, the Staff's Report, and applicable law, finds that TPI Efficiency should be granted a license to conduct business as an aggregator of electricity and gas to commercial and industrial customers throughout the service territories open to competition in Virginia, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) TPI Efficiency is hereby granted License No. A-69 to provide competitive aggregation service for electricity and natural gas to commercial and industrial customers throughout the service territories open to competition in Virginia. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

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[1] Retail choice for natural gas service only exists presently in the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s. Retail choice exists only in the service territories of Virginia Electric and Power Company d/b/a Dominion Energy Virginia, Appalachian Power Company, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameter, and renewable energy sources as set forth in the Code of Virginia.

[2] 20 VAC 5-312-10 *et seq*.

CASE NO. PUR-2019-00093
JUNE 5, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY and DOMINION ENERGY SOUTH CAROLINA, INC.

For approval of a Revised Services Agreement under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING INTERIM APPROVAL

On May 31, 2019, Virginia Electric and Power Company ("Dominion Energy Virginia") and Dominion Energy South Carolina ("DESC") (collectively, "Applicants"), applied to the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code") ("Affiliate Act"), for approval of a revised services agreement under which the Applicants will provide and receive certain enumerated services from one another on an as-needed basis ("Application").

By order entered April 19, 2019, in Case No. PUR-2019-00034 (April 19 Order")[1], the Commission approved a service agreement between Dominion Energy Virginia and DESC ("Services Agreement"), under the latter's former name of South Carolina Electric & Gas Company ("SCEG"). Applicants now request to add additional services to those approved by our April 19 Order. Specifically, Applicants represent that both Dominion Energy Virginia and DESC, formerly SCEG, are members of the Southeastern Electric Exchange ("SEE") and participate in SEE's Mutual Assistance Program, wherein members provide emergency services to one another in restoring electric service following disruptions, frequently associated with hurricanes or other major storms. Applicants wish to amend their Services Agreement to include services formerly provided each other under the Mutual Assistance Program. Code § 56-77 allows the Commission up to 90 days to investigate and review Affiliate Act applications, but the Applicants request interim authority to continue their participation in the Mutual Assistance Program while the Application is pending before the Commission.

NOW THE COMMISSION, having reviewed the Application and being sufficiently advised, finds that granting the requested interim authority while the Application is under investigation and review will not be detrimental to the public interest.

Accordingly, it is ORDERED that Dominion Energy Virginia and DESC may continue to participate in the Mutual Assistance Program while Case No. PUR-2019-00093 remains pending.

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[1] *Application of Virginia Electric and Power Company and South Carolina Electric and Gas Company, For approval of a Services Agreement under Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUR-2019-00034, Doc. Con. Ctr. No. 190420221, Order Granting Approval (Apr. 19, 2019).

CASE NO. PUR-2019-00093
AUGUST 22, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY and DOMINION ENERGY SOUTH CAROLINA, INC.

For approval of a Revised Services Agreement under Chapter 4 of Title 56 of the Code of Virginia

ORDER

On May 29, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV") and Dominion Energy South Carolina, Inc. ("DESC")[1] (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval of a Revised Services Agreement ("Revised Agreement") under Chapter 4[2] of Title 56 of the Code of Virginia ("Code").

The Applicants seek to revise the current agreement ("Current Agreement")[3] between DEV and DESC so that: (1) DEV and DESC may exchange non-nuclear electric generation, electric transmission, and electric distribution services in addition to the nuclear electric generation services approved in the 2019 Order (collectively, "Electric Services"); (2) DEV and DESC may exchange emergency services ("Emergency Services") on an as-needed basis, consistent with the services currently exchanged by the Applicants under the Southeastern Electric Exchange Mutual Assistance Program ("SEE Program"); (3) DEV and DESC may expand the exchange of non-operational services[4] to support non-nuclear Electric Services and Emergency Services as well as nuclear Electric Services;[5] and (4) DEV and DESC may exchange other new services ("New Services") upon thirty days written notice to the Commission. The Applicants also sought interim approval to continue participating in the SEE Program during the upcoming hurricane season, which the Commission granted June 5, 2019.

Electric Services

The proposed Electric Services include: (1) non-nuclear generation services ("Generation Services"); (2) transmission services ("Transmission Services"); and (3) distribution services ("Distribution Services"). Pursuant to the Generation Services, DEV and DESC will exchange generation outage, security, engineering, training, benchmarking, environmental emissions data capture, and decommissioning support services. Pursuant to the Transmission Services, DEV and DESC will engage in the joint consulting, studying, engineering, and design of electric transmission line and substation facilities. These services will include relay settings coordination, misoperations analysis, electrical equipment repair and maintenance, and general construction and support maintenance services for both line and substation facilities. Pursuant to the Distribution Services, DEV and DESC will exchange metering, safety, training, weather forecasting, design, engineering, planning studies, substation and distribution control equipment installation, and field support and operation support services. These services will include the planning, formulation, and implementation of load retention, load shaping and conservation and efficiency programs, and integrated resource planning for supply-side plans and demand-side management programs.

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[1] On January 1, 2019, Dominion Energy, Inc. ("Dominion"), completed its acquisition of SCANA Corporation, and DEV and South Carolina Electric & Gas Company ("SCE&G") became affiliates. On April 29, 2019, SCE&G's legal name was changed to Dominion Energy South Carolina, Inc.

[2] Code § 56-76 *et seq*. ("Affiliates Act").

[3] See *Application of Virginia Electric and Power Company and South Carolina Electric & Gas Company, For approval of a Services Agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2019-00034, Doc. Con. Cen. No. 198428221, Order Granting Approval (Apr. 19, 2019) ("2019 Order").

[4] Under the Revised Agreement (Attachment B of the Application), DEV will receive (1) Accounting; (2) Information Technology; (3) Executive and Administrative; (4) Business Services; (5) Supply Chain; and (6) Environmental Compliance Services from DESC, and DEV will provide Environmental Compliance Services to DESC (collectively, "Corporate Services"). Under a separate agreement, Dominion Energy Services, Inc., provides (1) Accounting; (2) Information Technology; (3) Executive and Administrative; (4) Business Services; and (5) Supply Chain Services to DESC.

[5] See Applicants' Response to Staff Data Request Nos. 3-12 and 4-5, attached to Staff's action brief filed concurrent with this Order.

The Applicants represent that the exchange of Electric Services will allow technical support and best practices to be shared, leading to improved knowledge and efficiency for each company. The Applicants also represent that the companies will benefit from exchanging the Electric Services at cost without a markup, which may result in cost savings over time as economies of scale are achieved.

Emergency Services

Under the Revised Agreement, the Applicants propose to seek Emergency Services from each other prior to seeking emergency assistance from non-affiliated entities under the SEE Program. The proposed Emergency Services include, but are not limited to repairing, rebuilding, or replacing damaged distribution facilities such as substation facilities and overhead or underground distribution equipment such as poles, crossarms, wire, conductor, transformers, services, and metering equipment. Emergency response resources include, but are not limited to, distribution and transmission line personnel, damage assessors, substation personnel, vegetation management crews, and/or underground and network line personnel.

The Applicants represent that the SEE Program is fair and equitable, but that it takes additional time to make a request through SEE, receive authorization to contact other members, discuss, allocate, and coordinate needs and resources, execute a contract for reimbursement, and mobilize personnel and resources. The Applicants further represent that Dominion has a significant on-boarding process for non-native personnel, which includes a safety orientation as well as security protocol that documents and authorizes the non-native personnel to perform work on Dominion affiliate facilities. The Applicants represent that the ability to obtain Emergency Services from an affiliate trained in Dominion procedures would likely shorten the timeframe needed to mobilize resources and support a more cost-effective and efficient restoration of service to customers experiencing an outage. The Applicants further note that while SEE Program activities are not regulated by the Commission, the proposed Emergency Services and related activities and transactions would be subject to Commission jurisdiction pursuant to the order issued in this case.

Corporate Services

The 2019 Order expressly limits all services received and provided under the Current Agreement (including Corporate Services) to those provided in coordination with nuclear operations.[6] Under the Revised Agreement, the Applicants seek approval to expand the exchange of non-operational Corporate Services to support non-nuclear Electric Services and Emergency Services as well as nuclear Electric Services.[7]

New Services

The Applicants seek approval of a New Services provision wherein DEV or DESC can elect in the future to exchange New Services not currently selected (or identified) in the Revised Agreement. DEV would provide the Commission Staff thirty (30) days written notice of such an election and include any changes in services and any transactions associated with the New Services in its Annual Report of Affiliate Transactions ("ARAT").

DEV represents that it will not need to hire additional employees or purchase additional equipment and facilities to provide the proposed services to DESC under the Revised Agreement. DEV represents that, all things being equal, the services provided to DESC will result in reductions to costs allocable to Virginia jurisdictional cost of service. DEV further represents that its employees will have discretion regarding the degree of services provided to DESC to ensure that their ability to support DEV's Virginia operations will not be adversely impacted. The proposed services will be exchanged at cost, and the proposed approval for the Revised Agreement will extend through April 18, 2021.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through Staff's action brief and having considered the Applicants' comments thereon, is of the opinion and finds that the Revised Agreement, as modified below, is in the public interest and is approved subject to certain requirements listed in the Appendix attached to this Order. We approve the Electric Services and Emergency Services revisions. We also approve the expanded exchange of Corporate Services to support non-nuclear Electric Services and Emergency Services as well as nuclear Electric Services.

We find that the New Services revision, however, is not in the public interest and is denied. Unlike other future services approved by the Commission, the New Services revision represents unidentified, non-tariffed services capable of being exchanged between the Applicants without prior Affilliates Act review and approval. Of the ten (10) service categories displayed in the Exhibit II (Services Selected) checklist, nine (9) categories have already been selected for exchange, either under the Revised Agreement between DEV and DESC, or through the separate services agreement between DEV and DESC. The only unselected service category is Office Space and Equipment Services, and the Applicants represent that there is no current need for that service prior to the Revised Agreement's expiration.

This denial is without prejudice, and the Company may seek approval in the future for services that are identified.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Revised Agreement is approved as modified herein, subject to the requirements listed in the Appendix attached to this Order. Specifically, the Electric Services and Emergency Services revisions, and the expanded exchange of Corporate Services to support non-nuclear Electric Services and Emergency Services as well as nuclear Electric Services, are approved. The New Services revision is denied without prejudice.

(2) This case is dismissed.

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[6] See Requirement 3, Appendix to 2019 Order.

[7] *Id*., Footnote 5.

APPENDIX

1) The Commission's approval of the Revised Agreement shall extend through April 18, 2021. If the Applicants wish to extend the Revised Agreement beyond that date, separate approval shall be required.

2) The Commission's approval shall have no accounting or ratemaking implications.

3) The Commission's approval shall be limited to the specific services identified and checked in the Services List to the Revised Agreement. Should the Applicants wish to provide or receive additional services not specifically identified and checked in the Services List, separate approval shall be required.

4) Separate Commission approval shall be required for DEV to provide services to or receive services from affiliated third parties (other than DESC) under the Revised Agreement.

5) DEV shall be required to maintain records demonstrating that the services provided to and received from DESC are at fully distributed cost and are cost beneficial to Virginia ratepayers.[8]

6) The approval granted in this case shall not preclude the Commission from exercising its authority under Code § 56-76 *et seq*. hereafter.

7) Separate Commission approval shall be required for any changes in the terms and conditions of the Revised Agreement.

8) The Commission shall reserve the right to examine the books and records of DEV and any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

9) DEV shall file an executed copy of the Revised Agreement within thirty (30) days after the effective date of the order granting approval in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

10) DEV shall include all transactions associated with the Revised Agreement in its ARAT submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT shall include:

(a) The case number in which the Revised Agreement was approved;
(b) The names of all direct and indirect affiliated parties to the Revised Agreement; and
(c) A calendar year annual schedule showing the Revised Agreement's transactions by month, Federal Energy Regulatory Commission account, and amount as they are recorded on DEV's books.

[8] The Commission's affiliate pricing policy provides for DEV and DESC, as rate-regulated affiliates, to exchange services at cost.

CASE NO. PUR-2019-00095
AUGUST 29, 2019

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval of its 2019 SAVE Rider Update

ORDER APPROVING SAVE RIDER

On May 31, 2019, pursuant to § 56-604 E of the Code of Virginia, Virginia Natural Gas, Inc. ("VNG" or "Company"), filed with the State Corporation Commission ("Commission") its annual adjustment application with respect to its Commission-approved Steps to Advance Virginia's Energy plan ("SAVE" or "SAVE Plan"),[1] under which VNG's SAVE Rider, designated Rider E, is reconciled and adjusted ("2019 Annual Adjustment" or "Application").[2]

[1] *Application of Virginia Natural Gas, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604*, Case No. PUE-2012-00012, 2012 S.C.C. Ann. Rept. 393, Order Approving SAVE Plan and Rider (June 25, 2012) ("2012 SAVE Order").

[2] On June 14, 2019, VNG filed a Revised Schedule 17 and a corrected Schedules 18, which replace the prior versions filed in this proceeding.

The Company's SAVE Plan is designed to facilitate the accelerated replacement of SAVE-eligible natural gas infrastructure.[3] Rider E is designed to recover eligible infrastructure replacement costs associated with the SAVE Plan.[4] VNG states that the calculation of the revenue requirement and rates associated with Rider E consist of two components: the SAVE Actual Cost Adjustment ("SACA" or "True-Up Factor") and the Annual SAVE Factor ("ASF" or "Projected Factor"), which were approved by the Commission in its 2012 SAVE Order.[5] According to the Company, the SACA is an adjustment that ensures that the SAVE Rider recovers no more or less than the actual cost of implementing the SAVE Plan projects during the prior calendar year.[6] Based on this calculation, the Company is proposing a SACA adjustment for the upcoming rate period of September 1, 2019, through August 31, 2020, of $343,129.[7] The Company states that the ASF establishes the rate required to recover the costs associated with the expected SAVE Plan plant investment for the period in which the rate will be effective.[8] Based on this calculation, the ASF for the upcoming rate period is $10,721,412.[9] By combining the ASF of $10,721,412 and the SACA of $343,129, the Company calculates a SAVE Rider revenue requirement of $11,064,541 for the rate period of September 1, 2019, through August 31, 2020.[10]

The Company further states that for purposes of the 2019 Annual Adjustment, the Company is applying the same revenue allocation factors proposed in the Company's 2017 Base Rate Case,[11] with one exception.[12] For Rate Schedule 1A, which the Company proposed in its 2017 Base Rate Case and the Commission approved, the Company proposes to use the same SAVE rate as Rate Schedule 1.[13]

On June 19, 2019, the Commission issued an Order for Notice and Comment that, among other things, required the Company to publish notice of its Application; provided interested persons an opportunity to file comments, participate as a respondent, or request a hearing; required the Staff of the Commission ("Staff") to investigate the Application and file a report ("Staff Report" or "Report") containing its findings and recommendations; and permitted the Company to file a response to the Staff Report ("Response").

On July 29, 2019, the Company filed its proof of notice. No comments, notices of participation, or requests for hearing were filed.

On August 7, 2019, the Staff filed its Report.[14] In its Report, Staff recommended the Commission approve a 2019 SAVE Rider for VNG composed of a True-Up Factor and Projected Factor, effective September 1, 2019, based on a True-Up Factor revenue requirement of $345,491 and a Projected Factor revenue requirement of $10,731,483, for a total 2019 SAVE revenue requirement of $11,076,974.[15] Staff noted that its calculated total 2019 SAVE revenue requirement was higher than that proposed by the Company and included in the notice to the public.[16] Based on the total 2019 SAVE revenue requirement, Staff calculated a monthly SAVE Rider rate for customers receiving service under Schedule 1 – Residential to be $2.61, while the monthly SAVE Rider rate for customers receiving service under Schedules 6 and 7 – Large Firm C&I would be $303.93 and $182.46, respectively, based on the Company's proposed revenue allocations and fixed monthly rate.[17] The Staff Report addressed several errors found during the Staff's audit.[18]

Staff proposed an alternative rate design methodology, with the SAVE Rider revenue being collected from customers through a volumetric charge instead of a fixed charge.[19] Staff noted that, as a distribution related investment, it was more appropriate to recover SAVE Rider revenue through volumetric charges as volumetric recovery more accurately resembles how this type of plant investment will likely be recovered through base rates in a

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[3] Application at 2-3.

[4] *Id*. at 3.

[5] *Id.* at 4.

[6] *Id.* at 8.

[7] *Id*.

[8] *Id*.

[9] *Id.* at 9.

[10] *Id*.

[11] *Id*. *See Application of Virginia Natural Gas, Inc., For a general rate increase and for authority to revise the terms and conditions applicable to natural gas service,* Case No. PUE-2016-00143, 2017 S.C.C. Ann. Rept. 423, Final Order (Dec. 21, 2017) ("2017 Base Rate Case").

[12] *Id.* The Company states that, consistent with the Commission's Order in VNG'S 2015 SAVE update case, the Company continues to combine the two residential rate schedules (Rate Schedules 1 and 3) for a single SAVE Plan rate. *See Application of Virginia Natural Gas, Inc., For approval of its 2015 SAVE Rider update,* Case No. PUE-2015-00050, 2015 S.C.C. Ann. Rept. 334, Order Approving SAVE Rider Adjustment (July 29, 2015).

[13] *Id.*

[14] The Staff filed a corrected page on August 12, 2019.

[15] Staff Report at 3, 13.

[16] *Id.* at 13.

[17] *Id.* at 10.

[18] *Id.* at 5.

[19] *Id.* at 11-12.

future base rate proceeding.[20] Additionally, Staff noted that should the Commission approve a revenue requirement that differs from the Company's requested revenue requirement, Staff recommended that the corresponding Rider E charges be adjusted in accordance with the alternative rate design methodology proposed by Staff.[21]

On August 14, 2019, VNG filed its Response to the Staff Report. With regard to the Staff's higher calculated revenue requirement, the Company indicated it did not object to the excess being included in a future SAVE Reconciliation Factor.[22] In its Response, VNG stated that it did not object to Staff's recommendations and conclusions, with the exception of Staff's alternative rate design proposal.[23] The Company noted that the Commission has consistently approved the Company's recovery of SAVE Rider revenues through a fixed rather than a volumetric rate and that the appropriate forum to implement rate design changes to address potential intra-class subsidies is in a base rate proceeding.[24] The Company further noted that the Commission has approved this rate design for recovery of other utilities' SAVE Plan costs.[25] Additionally, the Company asserted that the change in recovery methodology would result in higher variability in month-to-month billings for customers.[26]

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the Company's 2019 Annual Adjustment should be approved as proposed by the Company. The revenue requirement approved herein is the amount contained in the public notice.[27] This approval is consistent with our prior approval of the Company's Rider E applications.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application is approved. Rates consistent with this Order shall become effective beginning September 1, 2019, and remain in effect until August 31, 2020.

(2) VNG shall forthwith file with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance revised tariffs for the 2019 SAVE Rider, with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order. The Clerk shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) This matter is dismissed.

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[20] *Id.* at 11.

[21] *Id.* at 13.

[22] Response at 3.

[23] *Id.* at 2.

[24] *Id.* at 4.

[25] *Id.*

[26] *Id.* at 5.

[27] As noted by the Company and Staff, the difference can be addressed as part of a future true-up proceeding.

CASE NO. PUR-2019-00100
AUGUST 8, 2019

APPLICATION OF
ROANOKE GAS COMPANY

For authority to issue up to $100 million in long-term securities and up to $40 million in short-term debt pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On June 14, 2019, Roanoke Gas Company ("Roanoke" or "Company") filed an application, pursuant to Chapter 3 of Title 56 of the Code of Virginia ("Code") and Chapter 4 of Title 56 of the Code, with the State Corporation Commission ("Commission") to issue up to $100 million in combination of long-term debt and equity capital contributions and incur $40 million in short-term debt between July 1, 2019, and September 20, 2024 ("Application").

The Company states that it anticipates annual capital expenditures in the range of $18 million to $25 million over the next five years. Roanoke represents that these capital expenditures are needed to upgrade and maintain aging infrastructure and for system growth. While the Company expects depreciation cash flow and retained earnings to fund a portion of these expenditures, the Company will need to supplement these sources of cash with external capital. Roanoke states such external capital consists of short-term debt, long-term debt, and common equity in the form of cash capital contributions from its parent company, RGC Resources, Inc. ("RGC").

Roanoke states that it expects to use its revolving credit facility ("Revolving Line of Credit") for short-term debt to finance gas inventories in anticipation of the winter heating season and to meet other working capital needs. In addition, the Company states that it expects to use short-term debt as bridge financing to fund its capital expenditures until it is economical to refinance the short-term debt with permanent capital.

The Application states that cash capital contributions will be made at RGC's discretion and that such cash contributions will be consummated through an accounting transaction on the general ledger of each company. The Company requests that any long-term debt securities issued pursuant to this authority may take the form of bank notes, senior notes, or privately placed debt. The Company notes that these securities may be issued with various maturities, interest rates, terms, and features, subject to financial market conditions at the time of each issue. In addition, Roanoke requests authority to enter into financial derivative instruments to mitigate interest rate volatility.

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 is in the public interest, subject to the requirements set forth in this Order and the Appendix attached hereto.

ACCORDINGLY, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-55 and 56-76 of Code, the Application is approved, subject to the requirements set forth in this Order and the Appendix attached hereto.

(2) The approval granted in this case shall supersede previous approval granted by the Commission to the Company in Case Nos. PUE-2014-00049 and PUR-2018-00037.

(3) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

APPENDIX

1. Roanoke is authorized to (i) incur short-term debt up to $40 million; (ii) issue up to $100 million in any combination of long-term debt and common equity in the form of cash contributions from its corporate parent; and (iii) enter into financial derivatives in connection with the issuance of long-term debt securities for the terms, conditions, and reasons specified in the Application.

2. The Company shall be authorized to execute the financial transactions, as stated above, from July 1, 2019, to September 30, 2024. Should the Company wish to change or extend the period of approval, separate Commission approval shall be required.

3. Roanoke shall file a Report of Action ("Report") within thirty (30) days of the extension of its Revolving Line of Credit. In the Report, the Company shall state the major terms and conditions to include the following:

(a) the initial and termination date of the agreement;
(b) the maximum borrowing limit under the line of credit;
(c) the associated interest rate or interest rate options; and
(d) all associated fees and expenses, and the accounts to which they are expensed or amortized.

4. On or before January 31 of each year, beginning in 2020 and ending in 2025, Roanoke shall file a Report on all authority exercised in the preceding calendar year pursuant to Appendix Paragraph 1. With regard to any cash contributions, the Report shall provide the date(s) and amount(s) of such contributions. With regard to any long-term debt, such Report shall provide the following:

(a) the date(s) of issuance for any note(s);
(b) the proceeds from such note(s);
(c) the associated interest rate(s);
(d) all associated issuance fees and expenses;
(e) the financial impact(s) and form of any related derivative transaction(s); and
(f) with regard to short-term debt, such Report shall identify the daily average balance of short-term borrowings incurred during the reporting period, along with the average balance and weighted average interest rate for each month of reported short-term borrowings.

5. 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 proposed cash capital contributions.

6. The approval granted in this case shall not preclude the Commission from exercising its authority under 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 in this case, whether or not such affiliate is regulated by this Commission.

CASE NO. PUR-2019-00101
AUGUST 2, 2019

APPLICATION OF
CBEYOND COMMUNICATIONS, LLC

For cancellation and issuance of a certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATE

On June 24, 2019, Cbeyond Communications, LLC ("Cbeyond" or "Company"), filed an application with the State Corporation Commission ("Commission") requesting that the certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia issued by the Commission[1] be cancelled and reissued to reflect a company name change ("Application"). The Company submitted proof of its name change to Fusion Communications, LLC, with its Application.

NOW THE COMMISSION, having considered the Application and applicable law, is of the opinion and finds that the existing certificate in the name of Cbeyond should be cancelled and reissued in the name of Fusion Communications, LLC.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUR-2019-00101.

(2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-518, heretofore issued to Cbeyond is cancelled and shall be reissued as Certificate No. T-518a in the name Fusion Communications, LLC.

(3) Any tariffs on file with the Commission's Division of Public Utility Regulation or product guide available online in the name of Cbeyond shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.

(4) This case is dismissed.

[1] *See Application of Cbeyond Communications, LLC, For a certificate of public convenience and necessity to provide local exchange telecommunications services,* Case No. PUC-2000-00193, 2000 S.C.C. Ann. Rept. 348, Final Order (Nov. 9, 2000).

CASE NO. PUR-2019-00103
JUNE 27, 2019

APPLICATION OF
ROANOKE GAS COMPANY

For approval of certain transactions pursuant to the Affiliates Act of Title 56 of the Code of Virginia

ORDER GRANTING INTERIM AUTHORITY

On May 29, 2019, Roanoke Gas Company ("Roanoke" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") requesting interim authority pursuant to Chapter 4 of Title 56 of the Code of Virginia to continue to participate in several previously approved arrangements with RGC Resources, Inc. ("Resources") and RGC Ventures of Virginia, Inc. ("Ventures").[1] In support of the request, the Company stated that its current pending base rate case[2] could impact the Company's existing affiliate agreements pursuant to which it provides certain services to Resources and Ventures ("Affiliate Agreements").[3]

On September 8, 2014, the Commission issued an Order Granting Approval which approved revisions and clarifications to the Affiliate Agreements subject to certain requirements.[4] One of the requirements was that the approval expires on June 30, 2019.

[1] Application at 1. The Company notes that Ventures no longer is an active entity.

[2] *Application of Roanoke Gas Company, For a general increase in rates*, Case No. PUR-2018-00013, Doc. Con. Cen. No. 181030098 (Oct. 10, 2018).

[3] Application at 2.

[4] Order Granting Approval, *Application of Roanoke Gas Company, For approval of certain transactions pursuant to the Affiliates Act of Title 56 of the Code of Virginia*, Case No. PUE-2014-00054, 2014 S.C.C. Ann. Rep. 446 (Sept. 8, 2014).

Through its Motion, Roanoke seeks interim authority to permit an extension until the Commission issues an order on the Company's Application for renewed approval for the Affiliates Agreements, which it states it will file within 60 days of the Commission issuing a Final Order in the Company's rate case.[5] Roanoke asserts that allowing the interim authority until that time will allow the Company to (1) incorporate any applicable Commission findings from the rate case and (2) ensure that there is no lapse in the Company's authority to participate in these arrangements while the review is pending.[6]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed and that the Motion should be granted.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2019-00103.

(2) The Motion is hereby granted.

(3) Roanoke shall file a motion for approval of Affiliate Arrangements within sixty (60) days of the Final Order in Case No. PUR-2018-00013.

(4) This matter is continued.

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[5] Motion at 2.

[6] Motion at 2-3.

CASE NO. PUR-2019-00106
SEPTEMBER 23, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY and ATLANTIC COAST PIPELINE, LLC

For approval of a Water Withdrawal Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On June 28, 2019, Virginia Electric and Power Company ("DEV" or "Company") and Atlantic Coast Pipeline, LLC ("ACP") (collectively, "Applicants"), filed an Application with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),[1] requesting approval to enter into a Water Withdrawal Agreement ("Agreement") in conjunction with the Atlantic Coast Pipeline ("Pipeline") that would allow ACP to withdraw raw quarry water ("Raw Water") from an unused quarry owned by the Company at the Bath County Power Station.[2] The Applicants propose that the Agreement become effective upon execution and remain in effect for a period of four years from the effective date.

The Applicants state that ACP needs Raw Water for both hydrostatic testing and for potential dust management during the course of the Pipeline's construction. As discussed in the Application, hydrostatic testing involves the flow of pressurized water through pipelines (and other pressure vessels) to test for potential leaks and/or changes in shape before any natural gas flows through them. The Applicants represent that such testing helps to ensure the physical integrity of the pipeline, as well as the safety and security of its operation for end-users of the natural gas.

The proposed Agreement, which is attached to the Application as Exhibit B, sets forth the terms by which ACP may withdraw Raw Water from the quarry to conduct testing of the Pipeline during construction before it becomes operational and to manage dust arising during construction. The Agreement also describes the proposed terms by which ACP would have the right to withdraw Raw Water from the quarry as necessary for the Permitted Use.[3] The Applicants represent that ACP's withdrawal of Raw Water from the quarry pursuant to the proposed Agreement is intended to accomplish the safe and reliable flow of natural gas in the Pipeline.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the proposed Agreement is in the public interest and should be approved subject to certain requirements set forth in the Appendix attached hereto. We note that this approval will have no rate impact on customers.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Applicants are hereby granted approval to enter into the Agreement effective as of the date of this Order, subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is dismissed.

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[1] Code § 56-76 *et seq.*

[2] The Company owns a 60% undivided interest in the Bath County Power Station as tenants-in-common with Bath County Energy, LLC. Application at 1, n.1. The Bath County property owned by the Company includes a quarry that is no longer operational, and which contains water separate and apart from the water used for the power station's operation. Application at 4.

[3] Application at 5. "Permitted Use" is defined in Section 2(a) of the Agreement.

APPENDIX

(1) The Commission's approval of the Agreement shall extend for four (4) years from the date of the Order in this case or the date that the Agreement becomes effective, whichever occurs later. Should the Applicants wish to continue under the Agreement beyond that period of authorization, separate Commission approval shall be required.

(2) The Commission's approval shall have no accounting or ratemaking implications.

(3) The Commission's approval shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq*., hereafter.

(4) Separate Commission approval shall be required for any changes in the terms and conditions of the Agreement.

(5) The Commission's approval shall be limited to the specific transactions identified in the Agreement. Should the Applicants wish to engage in any other transactions under the Agreement, subsequent Commission approval shall be required.

(6) The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

(7) The Company shall file with the Commission a signed and executed copy of the Agreement within ninety (90) days of the effective date of the Commission's Order in this case, with such filing date subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(8) The Company shall include all transactions associated with the Agreement in its Annual Report of Affiliate Transactions ("ARAT"), submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. All DEV ARAT reporting shall include, but not be limited to, the following information:

(a) The most recent Case Number under which the agreement was approved;

(b) The name and type of activity performed by each affiliate under the agreement; and

(c) A schedule, in Excel electronic spreadsheet format with formulas intact, listing the prior year's transactions by month, type of service, FERC account, and dollar amount (as the transaction is recorded on the utility's books).

CASE NO. PUR-2019-00107
OCTOBER 17, 2019

APPLICATION OF
FOXHOUND SOLAR, LLC

For approval and certification of certain electrical facilities associated with a small renewable energy project

FINAL ORDER

On July 12, 2019, Foxhound Solar, LLC ("Foxhound" or "Company"), pursuant to § 56-580 D of the Code of Virginia ("Code"), or alternatively pursuant to Code § 56-265.2, and Rule 80 A of the Commission's Rules of Practice and Procedure ("Rules of Practice"),[1] filed with the State Corporation Commission ("Commission") an application ("Application") for a certificate of public convenience and necessity ("CPCN") to construct, own, and operate the following facilities in Halifax County, Virginia: (i) a 34.5 kilovolt ("kV") distribution-level collection line; and (ii) a substation and other electrical facilities by which solar power will be stepped up from 34.5 kV to 230 kV to be delivered to the point of interconnection ("POI") with Virginia Electric and Power Company ("Dominion") facilities (collectively, "Collection Facilities").[2] Foxhound also filed a Motion for Protective Order and Additional Protective Treatment with its Application. Foxhound states that it has filed a permit by rule ("PBR") application (as amended) for the entire project, including the Solar Facilities and the Collection Facilities ("Project"), with the Virginia Department of Environmental Quality ("DEQ") pursuant to § 10.1-1197.5 *et seq.* of the Code.[3]

On July 26, 2019, the Commission issued an Order for Notice and Comment ("Procedural Order") that, among other things, docketed the Application; required Foxhound to publish notice of its Application; gave interested persons an opportunity to file comments on the Application, file a notice of participation as a respondent, and/or request that a hearing be convened; directed the Staff to investigate the Application and present its findings and recommendations in a report; and assigned a Hearing Examiner to rule on any discovery matters that may arise during the course of this proceeding.

In the Procedural Order, the Commission noted that Staff requested the DEQ to coordinate an environmental review of the proposed Collection Facilities.[4] The DEQ filed a report ("DEQ Report") on the proposed Collection Facilities on September 23, 2019. The DEQ Report summarizes the proposed Collection Facilities' potential impacts, makes recommendations for minimizing those impacts, and outlines Foxhound's responsibilities for compliance with legal requirements governing environmental protection. The DEQ Report contains the following recommendations:

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[1] 5 VAC 5-20-10 *et seq.*

[2] Application at 1.

[3] *Id.* at 6-7.

[4] Procedural Order at 4-5.

- Conduct an on-site delineation of wetlands and streams within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Take all reasonable precautions to limit emissions of oxides of nitrogen and volatile organic compounds, principally by controlling or limiting the burning of fossil fuels;
- 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;
- Conduct a survey for the Carolina darter in streams to determine its presence and, if necessary, develop specific recommendations for minimizing impacts to the resource;
- Coordinate with the Department of Conservation and Recreation ("DCR") to minimize the fragmentation of ecological cores;
- Develop an invasive species management plan as a part of maintenance practices for the project right-of-way;
- Coordinate with the DCR for updates to the Biotics Data System database (if the scope of the project changes or six months passes before the project is implemented);
- Coordinate with the U.S. Fish and Wildlife Service on the protection of the Northern long-eared bat as appropriate;
- Coordinate with the Department of Game and Inland Fisheries and DCR for guidance on native plantings and pollinator seed mixes for the right-of-way;
- Follow the principles and practices of pollution prevention to the extent practicable; and
- Limit the use of pesticides and herbicides to the extent practicable.[5]

On September 27, 2019, Staff filed its Staff Report. The Staff concluded that the Company has reasonably demonstrated that constructing the proposed Collection Facilities is necessary to interconnect the Company's proposed Solar Facilities to the Dominion transmission system. The Staff further concluded that, subject to receipt of all other required approvals from applicable permitting agencies, the proposed route appears less impactful than the identified alternate routes. The Staff therefore does not oppose granting the Company's request for a CPCN for construction, ownership, and operation of the proposed Collection Facilities.[6]

However, the Staff further recommended that, should any issues arise in the permitting process necessitating a substantial deviation in the proposed route of the Collection Facilities, the Company be required to file for an amended CPCN from the Commission to address the changes.[7] Finally, on advice of counsel, Staff recommended that the Commission issue the requested CPCN, should it choose to do so, pursuant to § 56-265.2 of the Code.[8]

On October 2, 2019, Foxhound filed its Response to the Staff's Report ("Comments"). In its Comments, Foxhound stated that subsequent to filing the DEQ Report, and based upon review of additional information provided by Stantec Consulting Services, LLC ("Stantec") on behalf of Foxhound, the project coordinator for the DCR Division of Natural Heritage (DNH) sent an email to Stantec indicating that the DCR no longer recommends a survey for the Carolina darter. Therefore, Foxhound requested that the Commission not adopt the now outdated recommendation that Foxhound "conduct a survey for the Carolina darter in streams to determine its presence and, if necessary, develop specific recommendations for minimizing impacts to the resource."[9] Foxhound respectfully requested that the Commission issue an order granting Foxhound (i) a CPCN to construct, own and operate the Collection Facilities pursuant to § 56-580 D of the Code, or alternatively, § 56-265.2 of the Code, as may be applicable, (ii) an exemption from Commission jurisdiction under Chapter 10 of Title 56 of the Code, and (iii) such other authority, approval, waivers or relief as may be appropriate under the law and Commission rules, regulations, and guidelines authorizing Foxhound to build, own, and operate the proposed Collection Facilities.[10]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows:

Code of Virginia

Section 56-265.2 A of the Code provides in part:

> . . . 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 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.

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[5] DEQ Report at 6-7.

[6] Staff Report at 20.

[7] *Id.* at 13.

[8] *Id.* at 21.

[9] Comments at 2.

[10] *Id.* at 3.

Section 56-46.1 A of the Code provides in part:

> Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . .. In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 *et seq.*) of Chapter 22 of Title 15.2. Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth . . . and (b) shall consider any improvement to reliability that may result from the construction of such facility.

Reliability

We find that construction of the Collection Facilities will not have an adverse effect on the reliability of the electric service provided by Dominion. The Project is undergoing analysis under PJM Interconnection, LLC's ("PJM") process for generator interconnection, and is being interconnected to the Dominion transmission system. As part of the PJM interconnection process, certain studies are performed to analyze the impact upon the PJM system and identify any upgrades required to mitigate any adverse impact.[11] Foxhound states that it will be executing a Construction Service Agreement and Interconnection Service Agreement with Dominion and PJM, and asserts that it would be bound by terms ensuring the reliability of the transmission system to which the Project would interconnect.[12]

Economic Development

We find that construction of the Collection Facilities will likely generate slight direct and indirect economic benefits to Halifax County and the Commonwealth as a result of employment and spending from construction of said facilities and operation of the Project. The Project and Collection Facilities would provide the Commonwealth with a new renewable generation source having a nameplate capacity of approximately 83 Megawatts.

Environmental Impact

The Code directs the Commission to "give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact."[13]

As noted above, DEQ coordinated an environmental review of the proposed Collection Facilities and submitted a DEQ Report that, among other things, set forth recommendations for the proposed Collection Facilities. The Commission finds that as a condition of approval herein, the Company must comply with DEQ's recommendations as provided in the DEQ Report with the following exception.

In its Comments to the Staff Report, Foxhound stated that based upon review of additional information, the project coordinator for the DCR Division of Natural Heritage (DNH) sent an email indicating that the DCR no longer recommends a survey for the Carolina darter.[14] Therefore, we find that the recommendation to conduct a survey for the Carolina darter in streams to determine its presence and, if necessary, develop specific recommendations for minimizing impacts to the resource is unnecessary and need not be implemented.

Rights-of-Way and Routing

There does not appear to be existing utility ROW that traverses between the parcels of land to be used for the Solar Facilities and the POI with Dominion's Facilities.[15] The Company states that the proposed route is the shortest path between the Solar Facilities and the POI.[16] We therefore find that the proposed route should be approved. We note however, that the proposed route is, at least in part, contingent on receiving easements, permits, or other approvals that have not been secured as of the date of this Order.[17] Therefore, should any change in route be required that substantially deviates from the proposed route in order to allow construction, the Company shall apply for an amended CPCN to address the changes.

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[11] Staff Report at 19.

[12] Application at 15.

[13] Code § 56-46.1 A.

[14] Comments at 2.

[15] Staff Report at 10.

[16] Attachment I to Attachment 2.B.1 to Appendix 2 to the Application at 2.

[17] Staff Report at 13.

Waiver of Requirements of Chapter 10

The Commission has previously held that a Virginia utility that offers all of its electric energy and capacity output to PJM's markets satisfies the statutory requirement for exemption from the rates and service requirements of Chapter 10.[18] Foxhound states that it seeks to construct the Project and connect it to the transmission grid for the purposes of selling electricity, capacity, and other services into the PJM market.[19] Therefore, we find that since Foxhound will sell the entirety of the output of the Project into the PJM market, it is appropriate to exempt Foxhound from the rates and service requirements of Chapter 10.

Accordingly, IT IS ORDERED THAT:

(1) Subject to the findings and requirements set forth in this Final Order, Foxhound is granted approval and Certificate of Public Convenience and Necessity No. ET-212 to construct and operate the Collection Facilities as set forth in this proceeding.

(2) Foxhound shall forthwith file a map of the Collection Facilities for certification.

(3) Foxhound's dispatch of the entirety of the output of the Project into the PJM wholesale energy market shall be exempt from the regulatory and ratemaking requirements under Chapter 10 of Title 56 of the Code.

(4) This case is dismissed.

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[18] *See Joint Petition of Appalachian Power Company and Eagle Creek Reusens Hydro, LLC, For approval of the transfer of generating facilities pursuant to the Utility Transfers Act, Va. Code § 56-88 et seq., and for certification of the facilities pursuant to Utility Facilities Act, Va. Code §56-265.1 et seq.*, Case No. PUE-2016-00120, 2017 S.C.C. Ann. Rept. at 396, Final Order (Feb. 1, 2017); *Joint Petition of James River Cenco, LLC and City Point Energy Center, LLC, For approval of the disposition and acquisition of utility assets under the Utility Transfer Act, Chapter 5 of Title 56 of Va. Code §56-88 et seq., and for a certification to operate generating facilities pursuant to the Utility Facilities Act.* Chapter 10.1 *of the title 56 of the Va. Code §56-265.1 et seq.*, Case No. PUE-2016-00109, Doc. Con. Cen. No. 161130005, Order (Nov. 16, 2016).

[19] Application at 1.

CASE NO. PUR-2019-00108
AUGUST 22, 2019

APPLICATION OF
CSD ENERGY ADVISORS, LLC

For a license to do business as an electricity and natural gas aggregator

ORDER GRANTING LICENSE

On July 8, 2019, CSD Energy Advisors, LLC ("CSD Advisors" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to do business as an electricity and natural gas aggregator in the Commonwealth of Virginia ("Application"). On July 10, 2019, the Commission's Staff ("Staff") deemed the Company's Application complete as filed. The Company seeks authority to market aggregation services to eligible commercial and industrial customers in the service territories of Appalachian Power Company, Dominion Energy, Washington Gas, and Columbia Gas of Virginia.[1] CSD Advisors 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.[2]

On July 16, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order") that, in part, required the Company to serve a copy of the Procedural Order on the electric and gas utilities identified in Attachment A to the Procedural Order. By letter filed with the Commission on July 26, 2019, the Company certified that it had completed the service required by the Commission's Procedural Order.

Kentucky Utilities Company d/b/a Old Dominion Power Company filed comments on August 2, 2019, and DEV filed comments on August 5, 2019.

On August 8, 2019, the Staff filed its Report ("Staff Report"), which summarized CSD Advisors' Application and evaluated its financial and technical fitness. Staff recommended that a license be granted to CSD Advisors to conduct business as an aggregator of electricity and gas.

NOW THE COMMISSION, upon consideration of the Application, the Staff's Report, and applicable law, finds that CSD Advisors should be granted a license to conduct business as an aggregator of electricity and gas to commercial and industrial customers in the service territories of Appalachian Power Company, DEV, Washington Gas, and Columbia Gas of Virginia, subject to all conditions in this Order.

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[1] Pursuant to the plans required by § 56-235.8 A of the Code of Virginia ("Code"), retail choice for natural gas service exists only in the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s. Moreover, pursuant to Code § 56-577, retail choice for electricity is only permitted pursuant to the customer classes, load parameter, and renewable energy sources set forth therein. Retail choice thereunder, exists only in the service territories of Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV"), Appalachian Power Company, and the electric cooperatives.

[2] 20 VAC 5-312-10 *et seq*.

Accordingly, IT IS ORDERED THAT:

(1) CSD Advisors is hereby granted License No. A-70 to provide competitive aggregation service for electricity and natural gas to eligible commercial and industrial customers in the service territories listed above. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

CASE NO. PUR-2019-00109
AUGUST 26, 2019

APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE

For authority to incur debt

ORDER GRANTING AUTHORITY

On July 9, 2019, Rappahannock Electric Cooperative ("REC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia[1] for approval of a loan. REC has paid the requisite filing fee of $250.

REC is seeking authority to borrow up to $125 million in debt from the Rural Utilities Service ("RUS") through the Federal Financing Bank ("FFB"). The Cooperative states that the loan will be used to reimburse REC for work completed under its RUS approved 2016-2019 Work Plan and to upgrade REC facilities including the installation of a fiber network under a $30.6 million amendment to the 2016-2019 Work Plan. The Application states that the term of the loan will be 35 years and the interest rates on loan borrowings will be determined at the time of each advance.

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) REC is authorized to receive a loan of up to $125 million from RUS through the FFB, in the manner, under the terms and conditions, and for the purposes set forth in the Application.

(2) Within thirty (30) days the date of any advance of funds from the FFB, REC shall file with the Commission's Division of Utility Accounting and Finance a Report of Action, which shall include the amount of the advance and the interest rate.

(3) The authority granted herein shall have no implications for ratemaking purposes.

(4) This case is dismissed.

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[1] Code. § 56-55 *et seq.*

CASE NO. PUR-2019-00110
NOVEMBER 8, 2019

JOINT PETITION OF
ZAYO GROUP HOLDINGS, INC., ZAYO GROUP, LLC, FRONT RANGE TOPCO, INC., and FRONT RANGE BIDCO, INC.,

For approval of the transfer of indirect control of Zayo Group, LLC, to Front Range TopCo, Inc., pursuant to Va. Code § 56-88 *et seq*.

ORDER GRANTING APPROVAL

On July 10, 2019, Zayo Group Holdings, Inc. ("ZGH"), Zayo Group, LLC ("ZGL"), Front Range TopCo, Inc. ("Front Range"), and Front Range BidCo, Inc. ("Merger Sub") (collectively, "Petitioners"),[1] filed a Joint Petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[2] requesting approval of the transfer of control of ZGL. The Petitioners also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq*. On August 13, 2019, the Petitioners filed a Supplement to the Petition ("Supplement"), which amended the Petition to include three additional entities that will indirectly own or control 25% or more of ZGL as a result of the proposed Transfer.[3]

ZGL is authorized to provide local exchange and interexchange telecommunications services in Virginia pursuant to its certificates of public convenience and necessity issued by the Commission.[4] Pursuant to an Agreement and Plan of Merger, ZGH will be merged with and into Merger Sub, with ZGH continuing its existence as the surviving corporation. As a result of the proposed Transfer, ZGL will remain a direct subsidiary of ZGH, but will become an indirect, wholly owned subsidiary of Front Range and its ultimate owners.

The Petitioners assert that the proposed Transfer will occur at the holding company level only and will not involve any change in assignment of operating authority, assets, or customers. The Petitioners further state that ZGL will continue to provide services to its customers without any immediate changes to the rates, terms or conditions of service as currently provided. The Petitioners represent that ZGL will continue to have the financial, managerial, and technical resources to provide telecommunications services in Virginia following the completion of the proposed Transfer. Petitioners assert that following the Transfer, ZGL will have access to the financial resources and broader management expertise of Front Range and its ultimate owners.

Approval of the Transfer is also being sought by the Petitioners from the Federal Communications Commission ("FCC") in WC Docket No. 19-166. On July 8, 2019, the Department of Justice, with the concurrence of the Department of Defense, Department of Homeland Security, and the Federal Bureau of Investigation (collectively, "Agencies"), requested that the FCC defer any action until the Agencies have completed their review of the Transfer for national security, law enforcement, and public safety issues. In 2018, the Agencies conducted a similar review of a transfer of control involving a Virginia certificated competitive local exchange carrier and a foreign-owned company. In Case No. PUR-2018-00110, the Commission conditioned its approval of such transfer of control upon the transaction receiving the approval of the FCC.[5]

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that, consistent with our prior rulings, the approval granted herein should be conditioned upon approval of the proposed Transfer by the FCC. Upon satisfaction of this condition, no further action is required by the Commission for approval of the Transfer. Finally, we find that the Petitioners' Motion is no longer necessary and, therefore, should be denied.[6]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-88.1 and 56-90, the Petitioners hereby are granted approval of the proposed Transfer, as described herein, conditioned upon approval of the Transfer by the FCC. Upon satisfaction of this condition, no further action is required by the Commission for approval of the Transfer.

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[1] Front Range Intermediate, Inc.; Front Range Intermediate Holdings, Inc.; Front Range JV, LP; Front Range REIT, LP; Front Range Parent, LP; Front Range JV GP, LLC; DC Front Range Holdings GP, LLC; DC Front Range GP, LLC; Digital Colony GP, LLC; EQT Saber Topside GP LLC; EQT Infrastructure IV (GP) SCS; EQT Fund Management S.à r.l.; EQT Management S.à r.l.; EQT Infrastructure IV (General Partner) S.à r.l.; EQT Infrastructure IV Coöperatief U.A.; EQT Holdings B.V.; EQT AB; CM Capital B.V.; EQT Saber Lower Aggregator 1 LP; are considered Petitioners in this proceeding and have provided the statutorily required verifications.

[2] Code § 56-88 *et seq*.

[3] The three additional entities identified in the Supplement, Colony Capital, Inc., Colony Capital OP Subsidiary, LLC, and Colony Capital Operating Company, LLC, are also considered Petitioners in this proceeding and have provided the statutorily required verifications.

[4] *See Application of Zayo Group, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services,* Case No. PUC-2011-00014, 2011 S.C.C. Ann. Rept. 245, Final Order (Mar. 23, 2011).

[5] *See Joint Petition of Sprint Communications Company of Virginia, Inc., Sprint Communications Company L.P., SoftBank Group Corp., Deutsche Telekom AG, and T-Mobile USA, Inc., For approval of an indirect transfer of control of Sprint Communications Company of Virginia, Inc., to T-Mobile USA, Inc., pursuant to Va. Code § 56-88 et seq.*, Case No. PUR-2018-00110, 2018 S.C.C. Ann. Rept. 475, Order Granting Approval (Dec. 6, 2018). The Commission imposed similar conditions in prior cases. *See, e.g., Joint Application of DSCI Holdings Corporation, DSCI, LLC, DSCI Corporation of Virginia, Inc., and U.S. TelePacific Corp., For approval of the indirect transfer of control of DSCI Corporation of Virginia, Inc., pursuant to Va. Code § 56-88 et seq.*, Case No. PUC-2016-00018, 2016 S.C.C. Ann. Rept. 170, Order Granting Approval (May 17, 2016).

[6] The Commission held the Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(2) The Petitioners shall file with the Commission proof of such approval or denial within ten (10) days of the issuance of the FCC's determination.

(3) Should approval be granted by the FCC, the Petitioners shall file a report of action with the Commission in its Document Control Center within thirty (30) days after closing of the Transfer, which shall include the date of the completion of the Transfer.

(4) The Petitioners' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(5) This case is dismissed.

CASE NO. PUR-2019-00111
NOVEMBER 1, 2019

PETITION OF
APPALACHIAN POWER COMPANY

For approval of the FRR Open Access Distribution Service Tariff

FINAL ORDER

On July 10, 2019, Appalachian Power Company ("APCo" or "Company"), pursuant to § 56-236 and § 56-577 A 6 of the Code of Virginia ("Code"), filed a petition ("Petition") with the State Corporation Commission ("Commission") requesting approval of its Fixed Resource Requirement ("FRR") Open Access Distribution Service Tariff ("FRR-OAD Rate Schedules"). On August 14, 2019, APCo filed certain revisions to its tariff.

House Bill 2477, which became effective on July 1, 2019, amends § 56-577 of the Code by requiring customers that elect to shop for retail electric energy pursuant to § 56-577 A 3 and § 56-577 A 4 of the Code to continue to pay the incumbent electric utility for non-fuel generation capacity and transmission related costs that the utility incurs to meet its capacity obligations, if the utility has elected the FRR alternative as a load serving entity in the PJM Interconnection L.L.C. region.[1] The Petition states that APCo has elected the FRR alternative through May 2022.[2] Thus, the Company filed this Petition requesting approval of the FRR-OAD Rate Schedules, effective as of July 1, 2019.[3]

The Company asserts that the non-fuel generation capacity and transmission related costs that shopping customers will pay pursuant to the FRR-OAD Rate Schedules are identical to those in its standard service tariff, which the Commission has approved.[4] Thus, the FRR-OAD Rate Schedules mirror the Company's standard service tariff, except that, as required by HB 2477, the FRR-OAD Rate Schedules exclude the costs for fuel and purchased power and the incremental costs of complying with the voluntary Virginia Renewable Portfolio Standard.[5]

On July 29, 2019, the Commission issued an Order for Notice and Comment that, among other things, docketed the matter; directed APCo to provide public notice of its Petition; provided interested persons the opportunity to file notices of participation, comments, or hearing requests; and directed the Commission's Staff ("Staff") to investigate the Petition and present its findings and recommendations in a report ("Staff Report").

No notices of participation, comments, or hearing requests were filed in this case.

On October 15, 2019, Staff filed its Staff Report. Staff reviewed the proposed tariff, including the revisions filed on August 14, 2019, and found that the FRR-OAD Rate Schedules appear to conform with the requirements of § 56-577 A 6 of the Code.[6] Staff therefore did not oppose approval of the FRR-OAD Rate Schedules with an effective date of July 1, 2019.[7] On October 22, 2019, APCo stated that it would not file any response to the Staff Report.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the FRR-OAD Rate Schedules should be approved with an effective date of July 1, 2019.[8]

Accordingly, IT IS ORDERED THAT:

(1) The FRR-OAD Rate Schedules shall be approved as set forth herein.

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[1] Petition at 2; Direct Testimony of William K. Castle at 1-2.

[2] Direct Testimony of William K. Castle at 2.

[3] Petition at 2.

[4] *Id*. at 2-3.

[5] Direct Testimony of William K. Castle at 2-3.

[6] Staff Report at 3.

[7] *Id*.

[8] Based on representations by the Company, at this time there are no qualifying customers to take service under the FRR-OAD Rate Schedules. Therefore, we find that no customers would be adversely affected by a July 1, 2019 effective date.

(2) The Company forthwith shall file revised FRR-OAD Rate Schedules and supporting workpapers with the Clerk of the Commission and with the Commission's Division of Public Utility Regulation as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) This case is dismissed.

CASE NO. PUR-2019-00112
OCTOBER 4, 2019

APPLICATION OF
MUIRFIELD ENERGY, INC.

For a license to do business as an electricity and natural gas aggregator

ORDER GRANTING LICENSE

On August 19, 2019, Muirfield Energy, Inc. ("Muirfield" or "Company"), completed the filing of an application with the State Corporation Commission ("Commission") for a license to do business as an electricity and natural gas aggregator in the Commonwealth of Virginia ("Application"). The Company seeks authority to market electricity and natural gas aggregation services to eligible residential, commercial, industrial, and governmental customers throughout Virginia.[1]

Muirfield attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").[2]

On August 29, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order") that, in part, required the Company to serve a copy of the Procedural Order on the electric and gas utilities identified in Attachment A to the Procedural Order and directed the Staff of the Commission ("Staff") to investigate the Application and present its findings in a report ("Report"). On September 13, 2019, the Company certified that it had completed the service required by the Commission's Procedural Order.

Comments were filed by Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU") on September 19, 2019.

On September 23, 2019, the Staff filed its Report, which summarized Muirfield's Application and evaluated its financial and technical fitness. Staff recommended that a license be granted to Muirfield to conduct business as an aggregator of electricity and natural gas.

On September 27, 2019, Muirfield filed a response to the comments filed by KU on September 19, 2019.

NOW THE COMMISSION, upon consideration of the Application, the Staff's Report, and applicable law, finds that Muirfield should be granted a license to conduct business as an aggregator of electricity and natural gas to eligible residential, commercial, industrial, and governmental customers throughout Virginia, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) Muirfield is hereby granted License No. A-72 to provide competitive aggregation service for electricity and natural gas to eligible residential, commercial, industrial, and governmental customers throughout Virginia. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

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[1] Retail choice for natural gas service only exists presently in the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s. Retail choice for electricity exists only in the service territories of Virginia Electric and Power Company d/b/a Dominion Energy Virginia, Appalachian Power Company, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameter, and renewable energy sources as set forth in § 56-577 of the Code of Virginia.

[2] 20 VAC 5-312-10 *et seq*.

CASE NO. PUR-2019-00115
SEPTEMBER 5, 2019

APPLICATION OF
INTEGRITY ENERGY, LTD. LLC

For a license to do business as an electricity and natural gas aggregator

ORDER GRANTING LICENSE

On July 15, 2019, Integrity Energy, LTD. LLC ("Integrity Energy" or "Company"), filed an application with the State Corporation Commission ("Commission") for a license to do business as an electricity and natural gas aggregator in the Commonwealth of Virginia ("Application"). On July 18, 2019, Integrity Energy provided additional information and the Commission's Staff ("Staff") deemed the Company's Application complete. The Company seeks authority to market aggregation services to eligible commercial, industrial, and governmental customers in the service territories of Appalachian Power Company, Virginia Electric and Power Company d/b/a Dominion Energy Virginia, Washington Gas Light Company, and Columbia Gas of Virginia.[1] Integrity Energy attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").[2]

On July 26, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order") that, in part, required the Company to serve a copy of the Procedural Order on the electric and gas utilities identified in Attachment A to the Procedural Order. By letter filed with the Commission on August 2, 2019, the Company certified that it had completed the service required by the Commission's Procedural Order.

Dominion Energy Virginia filed comments on August 15, 2019.

On August 19, 2019, the Staff filed its Report, which summarized Integrity Energy's Application and evaluated its financial and technical fitness. Staff recommended that a license be granted to Integrity Energy to conduct business as an aggregator of electricity and gas.

NOW THE COMMISSION, upon consideration of the Application, the Staff's Report, and applicable law, finds that Integrity Energy should be granted a license to conduct business as an aggregator of electricity and gas to commercial, industrial, and governmental customers in the service territories of Appalachian Power Company, Dominion Energy Virginia, Washington Gas Light Company, and Columbia Gas of Virginia, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) Integrity Energy is hereby granted License No. A-71 to provide competitive aggregation service for electricity and natural gas to eligible commercial and industrial customers in the service territories listed above. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and all other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

[1] Pursuant to the plans required by § 56-235.8 A of the Code of Virginia ("Code"), retail choice for natural gas service exists only in the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s. Moreover, pursuant to Code § 56-577, retail choice for electricity is only permitted pursuant to the customer classes, load parameter, and renewable energy sources set forth therein. Retail choice thereunder, exists only in the service territories of Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion Energy Virginia"), Appalachian Power Company, and the electric cooperatives.

[2] 20 VAC 5-312-10 *et seq*.

CASE NO. PUR-2019-00116
DECEMBER 5, 2019

APPLICATION OF
EARLY BIRD POWER, LLC

For a license to do business as an electricity and natural gas aggregator

ORDER GRANTING LICENSE

On September 10, 2019, Early Bird Power, LLC ("Early Bird" or "Company") completed the filing of an application with the State Corporation Commission ("Commission") for a license to do business as an electricity and natural gas aggregator in the Commonwealth of Virginia ("Application"). The Company seeks authority to market aggregation services to eligible commercial, industrial, and governmental customers in the service territories in Virginia that are open to retail choice competition.[1]

Early Bird attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").[2]

On October 4, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order") that, in part, required the Company to serve a copy of the Procedural Order on the electric and gas utilities identified in Attachment A to the Procedural Order. The Procedural Order also directed the Commission's Staff ("Staff") to analyze the Application and present its findings in a report ("Report"). By letter filed with the Commission on November 25, 2019, Early Bird certified that it had completed the service required by the Commission's Procedural Order, and it requested that the Commission accept its late-filed proof of service.

On October 23, 2019, Kentucky Utilities Company d/b/a Old Dominion Power Company and Virginia Electric and Power Company filed comments on the Company's Application. On October 30, 2019, the Staff filed its Report, which summarized Early Bird's Application and evaluated its financial and technical fitness. Staff recommended that a license be granted to Early Bird to conduct business as an aggregator of electricity and natural gas.

NOW THE COMMISSION, upon consideration of the Application, the Staff's Report, and applicable law, finds that Early Bird should be granted a license to conduct business as an aggregator of electricity and natural gas to eligible commercial, industrial, and governmental customers throughout the service territories open to competition in Virginia, subject to all conditions in this Order. We accept the Company's late-filed proof of service but remind Early Bird to be more diligent in complying with Commission orders.

Accordingly, IT IS ORDERED THAT:

(1) Early Bird is hereby granted License No. A-74 to provide competitive aggregation service for electricity and natural gas to eligible commercial, industrial, and governmental customers throughout the service territories open to competition in Virginia. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

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[1] Pursuant to plans required by § 56-235.8 A of the Code of Virginia ("Code"), retail choice for natural gas service exists only in the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s. Moreover, pursuant to Code § 56-577, retail choice for electricity is only permitted pursuant to the customer classes, load parameter, and renewable energy sources set forth therein. Retail choice thereunder exists only in the service territories of Virginia Electric and Power Company d/b/a Dominion Energy Virginia, Appalachian Power Company, and the electric cooperatives.

[2] 20 VAC 5-312-10 *et seq.*

CASE NO. PUR-2019-00117
SEPTEMBER 18, 2019

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY — CASE NO. PUR-2019-00117

For a declaratory judgment

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY — CASE NO. PUR-2019-00118

For a declaratory judgment

FINAL ORDER

On July 15, 2019, Virginia Electric and Power Company ("Dominion" or "Company") filed a Petition for Declaratory Judgment with the State Corporation Commission ("Commission") seeking a determination that: (i) a competitive service provider ("CSP") must have control of sufficient renewable generation resources, including renewable capacity and associated renewable energy, to enable it to provide the full load requirements of the customers it

intends to serve pursuant to Code § 56-577 A 5 ("Section A 5"); and (ii) Direct Energy Business, LLC ("Direct Energy"), a CSP seeking to serve customers in Dominion's service territory, has not satisfactorily demonstrated that it can provide "electric energy provided 100 percent from renewable energy" as required by Section A 5. This Petition for Declaratory Judgment is docketed as Case No. PUR-2019-00117.

On July 16, 2019, Dominion filed a separate Petition for Declaratory Judgment with the Commission seeking a determination that: (i) a CSP must have control of sufficient renewable generation resources, including renewable capacity and associated renewable energy, to enable it to provide the full load requirements of the customers it intends to serve pursuant to Section A 5; and (ii) Calpine Energy Solutions, LLC ("Calpine"), a CSP seeking to serve customers in Dominion's service territory, has not satisfactorily demonstrated that it can provide "electric energy provided 100 percent from renewable energy" as required by Section A 5. This Petition for Declaratory Judgment is docketed as Case No. PUR-2019-00118.

On July 22, 2019, Direct Energy filed a motion for temporary injunctive relief and expedited action ("Direct Energy Motion") in Case No. PUR-2019-00117.

On July 22, 2019, Calpine filed a motion for temporary injunctive relief and expedited action ("Calpine Motion") in Case No. PUR-2019-00118.

On July 23, 2019, the Commission issued orders docketing these cases and establishing dates for responses and replies to the Direct Energy and Calpine Motions.

On July 25, 2019, the Commission issued orders that, among other things, scheduled hearings on the Direct Energy and Calpine Motions for August 7, 2019.

On or before July 31, 2019, in Case No. PUR-2019-00117, notices of participation were filed by Telco Pros, Inc.,[1] and the Renewable Energy Buyers Alliance ("REBA").

On or before July 31, 2019, in Case No. PUR-2019-00118, notices of participation were filed by Costco Wholesale Corporation ("Costco"), The Kroger Co. ("Kroger"), and REBA.

On August 7, 2019, hearings on the Direct Energy and Calpine Motions were convened as scheduled.

On August 8, 2019, the Commission issued a scheduling order that, among other things: established a deadline for any additional notices of participation; permitted briefs to be filed on or before August 16, 2019; and scheduled a hearing for August 20, 2019, to address any factual assertions contained in the pleadings to the extent such were not already presented during the August 7, 2019 hearings.

On or before August 16, 2019, the following filed briefs in Case No. PUR-2019-00117: Dominion; Direct Energy; REBA; and Commission Staff ("Staff").

On or before August 16, 2019, the following filed briefs in Case No. PUR-2019-00118: Dominion; Calpine; Costco; Kroger; REBA; and Staff.

On August 20, 2019, the hearing was convened as scheduled, at which the following participated: Dominion; Direct Energy; Calpine; Costco; Kroger; REBA; and Staff.

On August 21, 2019, the Commission issued an Order on Enrollments, which ordered the Company immediately to resume processing enrollment requests under Section A 5 for customers who wish to purchase from Direct Energy or Calpine, pending the Commission's Final Order in these dockets.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code of Virginia

Section A 5 states in full (emphases added):

> Individual retail customers of electric energy within the Commonwealth, regardless of customer class, *shall* be permitted:
>
> a. To purchase *electric energy provided 100 percent from renewable energy* from any supplier of electric energy licensed to sell retail electric energy within the Commonwealth, other than any incumbent electric utility that is not the incumbent electric utility serving the exclusive service territory in which such a customer is located, *if the incumbent electric utility serving the exclusive service territory does not offer an approved tariff for electric energy provided 100 percent from renewable energy*; and
>
> b. To continue purchasing *renewable energy* pursuant to the terms of a power purchase agreement in effect on the date there is filed with the Commission a tariff for the incumbent electric utility that serves the exclusive service territory in which the customer is located to offer *electric energy provided 100 percent from renewable energy*, for the duration of such agreement.

For purposes herein, Code § 56-576 defines "renewable energy" as follows:

> energy derived from sunlight, wind, falling water, biomass, sustainable or otherwise, (the definitions of which shall be liberally construed), energy from waste, landfill gas, municipal solid waste, wave motion, tides, and geothermal power, and does not include energy derived from coal, oil, natural gas, or nuclear power. Renewable energy shall also include the proportion of the thermal or electric energy from a facility that results from the co-firing of biomass.

[1] The Commission grants the unopposed motion by Telco Pros, Inc., to accept its Amended August 6, 2019 Reply out of time.

Petitions for Declaratory Judgment

The Petitions for Declaratory Judgment expressly request that the Commission enter an order:

(A) confirming that, for a [CSP] to serve customers under Section A 5, it must have control of sufficient renewable generation resources, including renewable capacity and associated renewable energy, to enable it to serve the full load requirements of the customers it intends to serve consistent with the standard approved by the Commission for [Appalachian Power Company ("APCo")] in the Rider WWS Order;[2]

(B) declaring that [Direct Energy and Calpine have] not satisfactorily demonstrated that [they] can serve customers "electric energy provided 100 percent from renewable energy" pursuant to Section A 5; and

(C) providing any other relief as the Commission may deem appropriate.[3]

Analysis

First, as always, the Commission starts with the relevant statute, which in this instance is Code § 56-577. In this regard, "[f]or purposes of implementing retail choice under Code § 56-577, the Commission exercises a legislative function delegated to it by the General Assembly."[4] As explained by the Supreme Court of Virginia, "[w]hen a statute delegates such authority to the Commission, we presume that any limitation on the Commission's discretionary authority by the General Assembly will be clearly expressed in the language of the statute."[5]

For example, the Commission has previously exercised such discretion in aggregation cases under Code § 56-577 A 4,[6] as well as under Section A 5 (discussed further below). As also explained by the Court, and "[a]s the Commission observed, [the differences in the retail choice provisions in Code § 56-577] 'simply reflect different requirements imposed by the General Assembly for different competitive purchase options explicitly permitted by statute.'"[7] As a result, the Commission exercises its discretionary authority given to it by the General Assembly under the specific – and unique – conditions attendant to each of the separate retail choice provisions within Code § 56-577.

For purposes of the instant proceedings, Section A 5 does not address every parameter attendant to purchasing "electric energy provided 100 percent from renewable energy." Thus, in prior decisions under Section A 5, the Commission appropriately exercised its sound discretion related thereto. Indeed, Dominion acknowledges this paradigm and likewise concludes that there is no "doubt that the Commission possesses the requisite authority to set the parameters of providing electric service under Section A 5," and that "the Commission is empowered with broad discretion to establish, among other things, minimum standards to provide service as contemplated by the statute."[8]

Furthermore, the Company stated that it initiated the instant cases so "the Commission can decide whether [the CSPs'] service is compliant" with Section A 5, and that it "paused [the CSPs'] enrollments so that a determination could be made before those customers were switched."[9] Moreover, the Petitions for Declaratory Judgment do not contend that the answers to the Company's requested declarations are outside the scope of the Commission's delegated authority; to the contrary, Dominion explained that "the crux of this case is a proper reading of the Commission's precedent on what constitutes serving a customer's full load with 100 percent renewable energy."[10]

The pleas for relief contained in sections (A), (B), and (C) of the Petitions for Declaratory Judgment are addressed below *seriatim*.

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[2] *Application of Appalachian Power Company, For approval of a 100% renewable energy rider pursuant to § 56-577 A 5 of the Code of Virginia*, Case No. PUR-2017-00179, Doc. Con. Cen. No. 190110100, Order Approving Tariff (Jan. 7, 2019) ("Rider WWS Order").

[3] Petitions for Declaratory Judgment at 16-17.

[4] *Appalachian Power Company v. Collegiate Clean Energy, LLC,* Case No. PUR-2018-00039, 2018 S.C.C. Ann. Rept. 382, 384, Final Order (Sept. 21, 2018).

[5] *Virginia Elec. & Power Co. v. State Corp. Comm'n*, 284 Va. 726, 741 (2012). *See also City of Alexandria v. State Corp. Comm'n*, 296 Va. 79, 94 (2018).

[6] *See, e.g., Petition of Costco Wholesale Corporation, For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia*, Case No. PUR-2018-00088, Doc. Con. Cen. No. 190560108, Final Order (May 30, 2019); *Petitions of Wal-mart Stores East, LP, For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia*, Case Nos. PUR-2017-00173, PUR 2017-00174, Doc. Con. Cen. Nos. 190230080, 190230081, Final Order (Feb. 25, 2019); *Petition of Reynolds Group Holdings Inc., For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia*, Case No. PUR-2017-00109, 2018 S.C.C. Ann. Rept. 255, Opinion (May 16, 2018).

[7] *Virginia Elec. and Power Co. v. State Corp. Comm'n*, 295 Va. 256, 266 (2018).

[8] Dominion's Pre-hearing Briefs at 2, 4.

[9] Tr. 20, 25 (PUR-2019-00117, Aug. 7, 2019).

[10] Tr. 26 (PUR-2019-00117, Aug. 7, 2019).

(A) Rider WWS Order

As quoted above, Dominion asks the Commission to issue an order declaring that a CSP "must have control of sufficient renewable generation resources, including renewable capacity and associated renewable energy, to enable it to serve the full load requirements of the customers it intends to serve *consistent with the standard approved . . . in the Rider WWS Order*."[11] The Commission denies this requested declaration. The Commission's Rider WWS Order did not require "renewable capacity," nor did it define "full load requirements" to mean (as argued by Dominion) "full load *at all times*"[12] or "full load requirements *around the clock*."[13]

The Commission's Rider WWS Order found that APCo's proposed tariff satisfied Section A 5. Nothing in that order, however, found that APCo's proposal was the *only* way to comply with Section A 5. That is, contrary to Dominion's assertion, nothing in the Rider WWS Order found that the only way to satisfy Section A 5 is to possess a renewable generation portfolio with characteristics similar to that proposed by APCo. Rather, the Rider WWS Order addressed two aspects of "electric energy provided 100 percent from renewable energy" under Section A 5: (1) the *amount* of energy supplied to the customer; and (2) the *time period* for matching load and supply. Specifically with respect to these aspects, that order: (1) repeated the Commission's prior rejection of *partial* competitive supply under Section A 5; and (2) for the first time, approved a specific time period for matching renewable supply with the customer's load.[14] Because of the relevance to Dominion's arguments herein, the Commission will further discuss each of these two findings.

First, as to the *amount* of energy supplied to the customer, Section A 5 does not specify whether a customer is permitted to purchase only *part* of its energy requirements under Section A 5. Thus, this question is left to the Commission's sound discretion. In 2018, the Commission exercised that discretion and rejected a CSP's request to supply only 25% of a customer's load, finding that a customer must "take its full load requirements" under Section A 5.[15] Subsequently, in the Rider WWS Order, the Commission applied this same standard to utilities, finding that a utility's tariff under Section A 5 also "must supply the customer's full load requirements."[16]

Second, Section A 5 also does not specify the *time period* for matching customer load and renewable supply; thus, this question is likewise left to the Commission's sound discretion. The Commission exercised that discretion for the first time in the Rider WWS Order. In that proceeding, APCo proposed to match a customer's load with renewable supply on a monthly basis.[17] Dominion was a party in that case, objected to APCo's proposal, and argued for the same "around the clock" matching standard that it seeks in the instant proceedings.[18] The Commission, however, rejected Dominion's request and found "that it is reasonable, for purposes of supplying 100 percent renewable energy under this statute, to match renewable generation with a participating customer's load on a *monthly* basis."[19] Subsequent to the Rider WWS Order, the Commission also: (a) found that it is reasonable to apply the monthly matching standard to both utilities and CSPs;[20] and (b) denied APCo's request to adopt a "renewable capacity" standard under Section A 5.[21]

In sum, contrary to Dominion's current claim, Commission precedent requiring a customer to take its "full load requirements" under Section A 5 speaks to the *amount* of energy supplied, not to the *time period* for matching load and supply. There is also no Commission precedent establishing a "renewable capacity" or "around the clock" requirement under Section A 5. Rather, pursuant to Commission precedent, a retail supplier (*i.e.*, either the utility or a CSP) under Section A 5 may match a customer's load with renewable supply on a monthly basis.

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[11] Petitions for Declaratory Judgment at 16-17 (emphasis added).

[12] *See* Dominion's Pre-hearing Briefs at 3 (emphasis added).

[13] *See id.* at 4 (emphasis added).

[14] *See, e.g.,* Rider WWS Order at 5-6.

[15] *Petition of English Biomass Partners-Ferrum, LLC, for a declaratory judgment*, Case No. PUR-2017-00117, 2018 S.C.C. Ann. Rept. 263, 265, Final Order (Apr. 20, 2018).

[16] Rider WWS Order at 5.

[17] *See, e.g., Application of Appalachian Power Company, For approval of a 100% renewable energy rider pursuant to § 56-577 A 5 of the Code of Virginia*, Case No. PUR-2017-00179, Report of D. Mathias Roussy, Jr., Hearing Examiner at 26 (Sept. 25, 2018) ("Rider WWS Hearing Examiner's Report").

[18] *See, e.g., id.* at 27.

[19] Rider WWS Order at 5-6 (emphasis in original).

[20] *Appalachian Power Company v. Collegiate Clean Energy, LLC,* Case No. PUR-2018-00134, Final Order at 6-7 (June 11, 2019).

[21] *Id*. at 6.

(B) Direct Energy and Calpine

Next, Dominion asks the Commission to declare that Direct Energy and Calpine have not satisfactorily demonstrated that they can supply their customers with electric energy provided 100 percent from renewable energy.[22] The Commission denies this requested declaration. We find that the information provided by Direct Energy and Calpine (regarding each CSP's customer load and wholesale generation contracts) reasonably establishes that these CSPs have contracted for sufficient renewable energy in order to match renewable supply with a participating customer's load on a monthly basis.[23]

(C) Other Relief – Verifying Compliance

Dominion's third and final plea asks the Commission to provide any other relief that we may deem appropriate.[24] Based on the record in this proceeding, the Commission finds that Direct Energy and Calpine shall provide subsequent data to verify continued compliance with the Commission's requirements under Section A 5.

Specifically, the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules"),[25] as well as the Company's Competitive Service Provider Coordination Tariff ("CSP Coordination Tariff"), address verification attendant to CSPs that supply service under Section A 5. For example:

- "A [CSP] that claims its offerings possess unusual or special attributes shall maintain documentation to substantiate any such claims. Such documentation may be made available through electronic means and a written explanation shall be provided promptly upon request of any customer, prospective customer, [CSP], local distribution company, or the Commission."[26]

- "[T]he CSP shall prove, by affidavit or otherwise, that it will provide Electricity Supply Service provided 100 percent from renewable energy in accordance with § 56-576 and § 56-577 A 5 of the Code of Virginia."[27]

- "The CSP may be subject to revocation of its registration and termination of Coordination Service if it is found to be in noncompliance as provided for in Section 8.0."[28]

- "Noncompliance with this Tariff shall include, but is not limited to the following: . . . CSP's failure to provide Electricity Supply Service provided 100 percent from renewable energy in accordance with § 56-576 and § 56-577 A 5 of the Code of Virginia, if the CSP has provided an affidavit or other proof of its intention to do so."[29]

- "If the CSP fails to comply with its obligations under the Tariff, prior to terminating the CSP's Coordination Services the Company shall notify the CSP of the impending termination of Coordination Services and its effective date, the alleged action or inaction that merits such termination of Coordination Services, and the actions, if any, that the CSP may take to avoid the termination of Coordination Services. . . . A copy of the notice shall be forwarded contemporaneously to the Commission's Division of [Public Utility Regulation ('Division')]. . . ."[30]

In accordance with the Retail Access Rules and CSP Coordination Tariff, the Commission finds that Direct Energy and Calpine shall:

(1) provide Dominion with information comparable to the documentation provided in this proceeding regarding subsequent wholesale generation contracts to establish that these CSPs have continued to contract for sufficient renewable energy in order to match renewable supply with their customers' load on a monthly basis;[31] and

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[22] Petitions for Declaratory Judgment at 17.

[23] *See, e.g.,* Exs. 1C, 2C (PUR-2019-00118); Exs. 2, 9 (PUR-2019-00117); Tr. 9, 46-47, 49 (PUR-2019-00117, Aug. 7, 2019); Tr. 54-55 (PUR-2019-00118, Aug. 7, 2019); Tr. 190-91 (combined, Aug. 20, 2019). In addition, the Commission hereby denies the Company's objection to the admission of Exhibits 4C and 5C (Tr. 227-228, 250 (combined, Aug. 20, 2019)). Dominion did not establish that it was prejudiced by such admission. These additional exhibits, however, are not necessary in order to make our factual findings herein. As noted at the hearing, Exhibits 4C and 5C do not amend any of the elements needed, or relied upon by Calpine, to satisfy the Commission's monthly matching standard under Section A 5. Tr. 228 (combined, Aug. 20, 2019).

[24] Petitions for Declaratory Judgment at 17.

[25] 20 VAC 5-312-10, *et seq*.

[26] 20 VAC 5-312-70 E.

[27] CSP Coordination Tariff, § 6.2.1.2.

[28] *Id*., § 6.4.

[29] *Id*., § 8.2.2.

[30] *Id*., § 8.3.

[31] The evidence presented by Direct Energy currently shows monthly wholesale contract quantities through December 2019. *See, e.g.,* Ex. 9 at 2. The evidence presented by Calpine shows monthly wholesale contract quantities for more than two years. *See, e.g.,* Tr. 234.

(2) submit documentation to the Division and Dominion within 90 days from the end of each calendar quarter, which confirms that such CSP matched renewable supply with customer load during each of the three months comprising the respective calendar quarter.

Dominion's Proposed Standard

The Commission now turns to Dominion's additional request for adoption of a precisely-worded standard under Section A 5. Specifically, during the hearing on August 20, 2019, Dominion presented – for the first time – a proposal that the Company titled "Standard necessary to satisfy requirements of Section A 5," which would mandate as follows:

> The provider must be able to demonstrate the ability to provide energy (*i.e.*, capacity) through ownership or contract rights from sufficient renewable energy resources to serve the full load requirements 100% of the time, including at peak demand, for any customers they intend to serve, to a high degree of statistical certainty. Once this is demonstrated, compliance is measured monthly.[32]

First, as detailed above in response to the specific relief requested in the Company's Petitions for Declaratory Judgment, Commission precedent under Section A 5 does not mandate renewable "capacity," "peak demand," or "100% of the time" requirements.[33] Indeed, such proposals have been rejected by the Commission to date. Thus, Dominion's proposed standard does not serve as a restatement or declaration of current law.

Second, to the extent Dominion proposed its standard to reflect what the Company believes current law should reflect, the Commission agrees with objections raised in these proceedings that such request improperly goes beyond the specific relief requested in the Petitions for Declaratory Judgment.[34]

Third, as noted above, Dominion previously requested the Commission to require "around the clock" supply of renewable energy under Section A 5 as part of the Rider WWS proceeding, and the Commission rejected such request. Thus, any attempt by Dominion at this time to attack or appeal the Commission's Rider WWS Order collaterally would also be improper.[35]

Fourth, the Company's new proposal is also procedurally inappropriate to the extent Dominion now suggests that its proposed standard is required – *as a matter of law* – to comply with the plain language of Section A 5. Rather, as noted herein, the Company has previously taken the contradictory position and accepted that this implementation question lies within the Commission's discretionary authority.[36]

Finally in this regard, even if Dominion's new proposal were procedurally appropriate, which it is not, the Commission further finds that such proposed standard is neither legally nor factually required, as addressed further below.[37]

Findings of Law

The Commission's analysis once again starts with the statute. Because the Company does "not offer an approved tariff for electric energy provided 100 percent from renewable energy," the plain language of Section A 5 mandates that Dominion's customers "shall" be permitted to purchase renewable energy from a CSP.[38] This is a statutory right given to customers. The statute says "shall," not "may." The General Assembly has not given the Commission the discretion to take that specific right away from customers; rather, the statutory right exists if the utility does not offer "electric energy provided 100 percent from renewable energy."

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[32] *See, e.g.,* Ex. 8 (PUR-2019-00117).

[33] The Company stated that its proposed standard reflects its view of the Commission's precedent on this issue to date. Tr. 123 (combined, Aug. 20, 2019).

[34] In addition, the Commission finds that the instant declaratory judgment cases should not be transformed into a generic or rulemaking proceeding. *See, e.g.,* Calpine Pre-hearing Brief at 10; Direct Energy Pre-hearing Brief at 15.

[35] The Commission also notes that the Hearing Examiner in the Rider WWS proceeding likewise (1) did not find that hourly matching is mandated by statute, and (2) recommended that the Commission implement monthly matching. Rider WWS Hearing Examiner's Report at 27-28. No party in that case filed comments objecting to the Hearing Examiner's conclusion that this question lies within the Commission's discretionary authority.

[36] *See, e.g., Board of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 455 n.11 (2016) ("Under approbate-reprobate principles, as we recently explained, 'a litigant may not take successive positions in the course of litigation that are either inconsistent with each other or mutually contradictory.'") (internal quotation marks and citations omitted). *See also Eilber v. Floor Care Specialists, Inc.*, 294 Va. 438, 442 (2017) (Under the prohibition against approbation and reprobation, "a party is prohibited from assuming successive positions in an action or series of actions, regarding the same fact or state of facts, which are inconsistent with each other or are mutually contradictory.") (internal quotation marks and citations omitted).

[37] Accordingly, for the purposes of considering Dominion's arguments herein, the Commission denies Direct Energy's continuing objection (which was joined by Calpine and Kroger) to evidence claimed to be beyond the scope of the specific requests for relief contained in the Petitions for Declaratory Judgment. *See, e.g.,* Tr. 8-9 (combined, Aug. 20, 2019).

[38] Code § 56-577 A 5 a.

The plain language of Section A 5 also says "energy," not "capacity." Section A 5 gives customers the right to purchase "electric *energy* provided 100 percent from renewable *energy*," as well as the right "[t]o continue purchasing renewable *energy*" under certain conditions after the utility has an approved tariff for such.[39] Electric energy and electric capacity are two different things, and the General Assembly has referenced both in Code § 56-577.[40] Accordingly, the plain language of the statute does not *require* customers to buy renewable electric "capacity."

Next, Dominion's conflation of "energy" and "capacity" also ignores the common industry usage of those terms, as reflected in the PJM Interconnection, LLC ("PJM") wholesale market.[41] Indeed, the Company acknowledges that energy and capacity are "two products," which "can be differentiated" and are procured individually in the PJM wholesale market.[42] Dominion applied to this Commission in 2003 to become a member of PJM,[43] and the Company cannot now ignore that it, as well as Calpine and Direct Energy, participate in PJM, which bifurcates its "energy" and "capacity" markets.[44]

In addition, as explained above, the plain language of Section A 5 does not specify the time period that must be met for matching customer load and renewable supply. Under Dominion's proposal, a CSP must demonstrate the ability to serve a customer's full load requirements 100% of the time.[45] There is nothing in the plain language of Section A 5, however, that mandates Dominion's "100% of the time" (*i.e.*, "around the clock") requirement. Rather, as found in the Rider WWS Order, this question is left to the Commission's sound discretion.

In sum, the plain language of Section A 5 does not mandate – as a matter of law – adoption of Dominion's proffered standard.

Findings of Fact

Based on the record in this case, the Commission again finds that it is reasonable for a supplier (*i.e.*, either the utility or a CSP) under Section A 5 "to match renewable generation with a participating customer's load on a *monthly* basis."[46]

Initially, it is important to recognize that it is not possible to direct specific types of energy (*i.e.*, renewable electrons) to specific customers on an interconnected electric grid such as PJM.[47] The physics of the electric grid make it impossible for any load serving entity ("LSE"), including Dominion, to ensure that any customer receives "around the clock" renewable energy. That is, all of Dominion's customers physically receive a mix of energy types (renewable and non-renewable electrons) based on the customer's location and the generation mix providing service to the grid at a given time.[48] The question of whether an offering is "electric energy 100 percent from renewable energy" under Section A 5, therefore, must be a function of offsetting customer load on the grid with supply from renewable resources over a specified period of time.

Next, significant discussion occurred during the course of these proceedings over the meaning of "capacity" in the context of Dominion's proposed "renewable capacity" standard. Dominion described "capacity" and "renewable capacity" in several different ways over the course of these proceedings, including the following:

- "long-term control of the generation";[49]
- "a contractual right to the generation asset; not just the energy that is out there . . .";[50]
- a "contractual or ownership control of sufficient output rights to [renewable] generation to meet the peak requirements of customers and the full energy requirements of customers";[51]

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[39] Code §§ 56-577 A 5 a and b, respectively.

[40] *See* Code § 56-577 A 6 ("shall continue to pay its incumbent electric utility for the non-fuel generation *capacity* and transmission related costs incurred by the incumbent electric utility in order to meet the customer's *capacity* obligations . . .) (emphasis added).

[41] Wholesale energy and capacity markets are administered by PJM, subject to regulation by the Federal Energy Regulatory Commission. *See, e.g.,* Staff Brief at 9; Tr. 172-173.

[42] *See, e.g.*, Tr. 99 (PUR-2019-00117, Aug. 7, 2019); Tr. 99-100 (PUR-2019-00118, Aug. 7, 2019); Tr. 141 (combined, Aug. 20, 2019).

[43] *Commonwealth of Virginia, ex. rel. State Corporation Commission, Ex Parte, In re: Virginia Electric Power Company; Regional Transmission Entities,* Case No. PUE-2000-00551, Application (filed June 27, 2003). The Commission approved Dominion's request subject to specific terms and conditions. *Id*., 2004 S.C.C. Ann. Rept. 294, Order Granting Approval (Nov. 10, 2004).

[44] *See, e.g.,* Staff Brief at 9-11; Tr. 141 (combined, Aug. 20, 2019).

[45] The Company also requests that CSPs demonstrate compliance on a "monthly" basis. This compliance demonstration, however, is separate from Dominion's proposed "100% of the time" matching standard. *See, e.g.,* Tr. 78-79, 100-101, 112 (combined, Aug. 20, 2019).

[46] Rider WWS Order at 5-6 (emphasis in original).

[47] *See, e.g.,* Tr. 80-81 (PUR-2019-00117, Aug. 7, 2019); Tr. 82-83, 139-140 (combined, Aug. 20, 2019).

[48] *See, e.g.,* Tr. 82-83, 139-140 (combined, Aug. 20, 2019).

[49] Tr. 31 (PUR-2019-00117, Aug. 7, 2019). *See also* Dominion's Pre-hearing Briefs at 7-8.

[50] Tr. 32 (PUR-2019-00117, Aug. 7, 2019).

[51] Tr. 112 (PUR-2019-00117, Aug. 7, 2019). *See also* Tr. 89 (combined, Aug. 20, 2019).

- "the ability to serve peak load";[52]
- "the ability to provide energy on demand";[53]
- "the ability to provide energy on a ratable basis of megawatts";[54]
- "capacity to deliver the [renewable] electrons on a 24/7 basis";[55]
- "rights to a certain amount of firm power on demand";[56]
- a showing that the CSP "has control of, and the ability to call upon, [a] renewable generation resource at any time during the month, day or night";[57]
- "specifically identified, dedicated renewable generation resources to cover the customers' peak loads on a real-time, or virtually real-time, basis";[58] and
- "a contract with a rate for megawatt hour delivery in megawatts."[59]

Further, as quoted above, at the August 20, 2019 hearing, the Company proposed a specifically-worded standard that requires a CSP to show that it can serve all of its customers' "full load requirements 100% of the time, including at peak demand," with renewable energy "to a high degree of statistical certainty."[60]

Dominion concedes, however, that its proposed "renewable capacity" standard does not reflect the realities of the capacity construct established in PJM.[61] Specifically, the PJM capacity market is designed to "procur[e] the appropriate amount of power supply resources needed to meet predicted energy demand three years in the future."[62] PJM ensures that sufficient generation resources will be available to meet the system peak plus a reserve margin.[63] Importantly in this regard, the record reflects that all LSEs within PJM, including Dominion, Direct Energy and Calpine, are required to meet applicable reliability requirements and are subject to PJM capacity charges associated with the peak load of their customers.[64]

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[52] Tr. 115 (PUR-2019-00117, Aug. 7, 2019).

[53] Tr. 86 (combined, Aug. 20, 2019). *See also* Tr. 85 (combined, Aug. 20, 2019) ("rights to . . . energy on a deliverable basis").

[54] Tr. 101 (combined, Aug. 20, 2019).

[55] Tr. 32 (PUR-2019-00118, Aug. 7, 2019).

[56] Tr. 100 (PUR-2019-00118, Aug. 7, 2019).

[57] Dominion Pre-hearing Briefs at 7-8.

[58] Dominion Pre-hearing Briefs at 10-11 (emphasis omitted).

[59] Tr. 77 (combined, Aug. 20, 2019).

[60] Tr. 14 (combined, Aug. 20, 2019); Ex. 8 (PUR-2019-00117). Dominion has not clearly defined what it means to meet its proposed standard with a "high degree of statistical certainty." *See, e.g.,* Tr. 153 (PUR-2019-00117, Aug. 7, 2019); Tr. 135 (combined, Aug. 20, 2019). In addition, as a practical matter, Dominion does not currently have demand meters installed on all customer premises necessary to measure hourly customer demand; without such metering information, hourly matching would require CSPs to adhere to a standard based on customer profiles rather than actual customer usage. *See, e.g.,* Tr. 79 (PUR-2019-00117, Aug. 7, 2019); Tr. 122, 220 (combined, Aug. 20, 2019).

[61] Tr. 101-102, 158-159 (combined, Aug. 20, 2019).

[62] Staff Brief at 9; Tr. 172-173.

[63] *See, e.g.,* Tr. 73 (PUR-2019-00117, Aug. 7, 2019).

[64] *See, e.g.,* Staff Brief at 9-10; Tr. 172-173.

In PJM, there is no such thing as a capacity market for "renewable-only" capacity.[65] As such, there is no option under Dominion's standard for CSPs to procure renewable-only capacity through the PJM capacity market.[66] Instead, Dominion asserts that control of renewable capacity would have to be procured by CSPs through either owning renewable generation or contracting with renewable generators.[67] Such a requirement, however, is not otherwise applicable to LSEs operating in PJM.[68] Moreover, Dominion acknowledges that the actual dispatch of resources is not governed by a hypothetical "renewable capacity" construct but, rather, by physics and the operational needs of the PJM pool.[69]

Dominion's proposed standard is also not necessary to ensure reliability of service. Dominion acknowledges that the PJM wholesale market ensures energy is delivered to customers at all times, and that the CSP bears the cost of providing that energy.[70] Dominion, in fact, concedes that "this is not a reliability case" and does not challenge Direct Energy's and Calpine's ability to meet reliability requirements established by PJM.[71]

Dominion's "100% of the time" standard would also significantly hinder a customer's right to purchase, as permitted by Section A 5, electric energy provided from wind and solar generation due to the intermittent nature of these resources.[72] For example, a CSP that had 100 megawatts of offshore wind generation and 100 megawatts of customer peak load would not meet Dominion's "100% of the time" standard, because wind power is intermittent and does not generate electricity when the wind does not blow, requiring the delivery of electrons from other generators.[73] Indeed, a CSP with a portfolio consisting of 100% solar generation – no matter how much nameplate capacity met or exceeded peak load – would be prohibited from serving even a *single customer* under Dominion's "100% of the time" standard, because such a portfolio could not produce electricity at night.[74]

Furthermore, there was evidence that Dominion's "100% of the time" (*i.e.,* hourly matching) standard would represent the most stringent matching requirement of any renewable energy market in the country.[75] There was also evidence that an hourly matching standard could significantly increase the cost of providing service under Section A 5, potentially to the point of being cost prohibitive.[76] Finally, there was evidence that this Commission's existing *monthly* matching requirement is already more stringent than other states with renewable energy markets, which only require customer load and renewable supply to be matched on a *yearly* basis.[77]

In sum, the Commission continues to find that matching customer load with renewable supply on a monthly basis represents a reasonable standard under Section A 5, and, further, that Dominion's most recently proffered standard is not necessary in order to implement Section A 5 in a reasonable manner.

Conclusion

With regard to the three specific pleas contained in Dominion's Petitions for Declaratory Judgment, we find that:

(A) Commission precedent permits a CSP to match customer load with renewable supply on a monthly basis and does not require CSPs to provide "renewable capacity";

(B) Direct Energy and Calpine have satisfactorily demonstrated that they can supply their customers with electric energy provided 100 percent from renewable energy on a monthly matching basis; and

(C) Direct Energy and Calpine shall continue to provide information as directed herein.

With regard to Dominion's additional proposal to adopt its newly-worded standard for matching customer load and renewable supply, we find that such standard does not reflect current Commission precedent and is otherwise procedurally improper for purposes of the instant proceedings.

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[65] *See, e.g.,* Tr. 53 (PUR-2019-00118, Aug. 7, 2019).

[66] *See, e.g.,* Tr. 53 (PUR-2019-00118, Aug. 7, 2019).

[67] *See, e.g.,* Petition for Declaratory Judgment (PUR-2019-00117) at 2-3.

[68] *See, e.g.,* Staff Brief at 10; Tr. 172-173.

[69] *See, e.g.,* Tr. 92-93; 119 (combined, Aug. 20, 2019).

[70] *See, e.g.,* Tr. 169-70 (combined, Aug. 20, 2019).

[71] *See, e.g.,* Tr. 108 (PUR-2019-00117, Aug. 7, 2019).

[72] *See, e.g.,* Tr. 74, 95, 131-32; 207; 243-44 (combined, Aug. 20, 2019).

[73] *See, e.g.,* Tr. 95, 185-86; 207 (combined, Aug. 20, 2019).

[74] *See, e.g.,* Tr. 95, 131-32, 207 (combined, Aug. 20, 2019). There was also evidence showing that even with the addition of wind and run-of-river hydroelectric energy to a portfolio including solar, there could be hours when none of those generation facilities are producing electricity. *See, e.g.,* Tr. 225 (combined, Aug. 20, 2019).

[75] *See, e.g.,* Tr. 188-89 (combined, Aug. 20, 2019).

[76] *See, e.g.,* Tr. 59 (PUR-2019-00118, Aug. 7, 2019); Tr.188-89 (combined, Aug. 20, 2019).

[77] *See, e.g.,* Tr. 75 (PUR-2019-00117, Aug. 7, 2019); Tr. 52, 73-74 (PUR-2019-00118, Aug. 7, 2019); Tr. 189, 239 (combined, Aug. 20, 2019). There was further evidence that numerous retail choice states have implemented an *annual* matching standard for renewable portfolio requirements, with California's matching standard therefor extending out three-to-four years. Ex. 6 (PUR-2019-00118).

Finally, even if Dominion's new proposal were procedurally appropriate, which it is not, the Commission further finds that: (1) the plain language of Section A 5 does not mandate – as a matter of law – adoption of Dominion's proffered standard; and (2) matching customer load with renewable supply on a monthly basis represents a reasonable standard under Section A 5, and Dominion's proposed standard is not necessary in order to implement Section A 5 in a reasonable manner.

Accordingly, IT IS SO ORDERED, and this matter is dismissed.

CASE NO. PUR-2019-00118
SEPTEMBER 18, 2019

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY — CASE NO. PUR-2019-00117

For a declaratory judgment

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY — CASE NO. PUR-2019-00118

For a declaratory judgment

FINAL ORDER

On July 15, 2019, Virginia Electric and Power Company ("Dominion" or "Company") filed a Petition for Declaratory Judgment with the State Corporation Commission ("Commission") seeking a determination that: (i) a competitive service provider ("CSP") must have control of sufficient renewable generation resources, including renewable capacity and associated renewable energy, to enable it to provide the full load requirements of the customers it intends to serve pursuant to Code § 56-577 A 5 ("Section A 5"); and (ii) Direct Energy Business, LLC ("Direct Energy"), a CSP seeking to serve customers in Dominion's service territory, has not satisfactorily demonstrated that it can provide "electric energy provided 100 percent from renewable energy" as required by Section A 5. This Petition for Declaratory Judgment is docketed as Case No. PUR-2019-00117.

On July 16, 2019, Dominion filed a separate Petition for Declaratory Judgment with the Commission seeking a determination that: (i) a CSP must have control of sufficient renewable generation resources, including renewable capacity and associated renewable energy, to enable it to provide the full load requirements of the customers it intends to serve pursuant to Section A 5; and (ii) Calpine Energy Solutions, LLC ("Calpine"), a CSP seeking to serve customers in Dominion's service territory, has not satisfactorily demonstrated that it can provide "electric energy provided 100 percent from renewable energy" as required by Section A 5. This Petition for Declaratory Judgment is docketed as Case No. PUR-2019-00118.

On July 22, 2019, Direct Energy filed a motion for temporary injunctive relief and expedited action ("Direct Energy Motion") in Case No. PUR-2019-00117.

On July 22, 2019, Calpine filed a motion for temporary injunctive relief and expedited action ("Calpine Motion") in Case No. PUR-2019-00118.

On July 23, 2019, the Commission issued orders docketing these cases and establishing dates for responses and replies to the Direct Energy and Calpine Motions.

On July 25, 2019, the Commission issued orders that, among other things, scheduled hearings on the Direct Energy and Calpine Motions for August 7, 2019.

On or before July 31, 2019, in Case No. PUR-2019-00117, notices of participation were filed by Telco Pros, Inc.,[1] and the Renewable Energy Buyers Alliance ("REBA").

On or before July 31, 2019, in Case No. PUR-2019-00118, notices of participation were filed by Costco Wholesale Corporation ("Costco"), The Kroger Co. ("Kroger"), and REBA.

On August 7, 2019, hearings on the Direct Energy and Calpine Motions were convened as scheduled.

On August 8, 2019, the Commission issued a scheduling order that, among other things: established a deadline for any additional notices of participation; permitted briefs to be filed on or before August 16, 2019; and scheduled a hearing for August 20, 2019, to address any factual assertions contained in the pleadings to the extent such were not already presented during the August 7, 2019 hearings.

On or before August 16, 2019, the following filed briefs in Case No. PUR-2019-00117: Dominion; Direct Energy; REBA; and Commission Staff ("Staff").

On or before August 16, 2019, the following filed briefs in Case No. PUR-2019-00118: Dominion; Calpine; Costco; Kroger; REBA; and Staff.

On August 20, 2019, the hearing was convened as scheduled, at which the following participated: Dominion; Direct Energy; Calpine; Costco; Kroger; REBA; and Staff.

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[1] The Commission grants the unopposed motion by Telco Pros, Inc., to accept its Amended August 6, 2019 Reply out of time.

On August 21, 2019, the Commission issued an Order on Enrollments, which ordered the Company immediately to resume processing enrollment requests under Section A 5 for customers who wish to purchase from Direct Energy or Calpine, pending the Commission's Final Order in these dockets.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code of Virginia

Section A 5 states in full (emphases added):

> Individual retail customers of electric energy within the Commonwealth, regardless of customer class, *shall* be permitted:
>
> a. To purchase *electric energy provided 100 percent from renewable energy* from any supplier of electric energy licensed to sell retail electric energy within the Commonwealth, other than any incumbent electric utility that is not the incumbent electric utility serving the exclusive service territory in which such a customer is located, *if the incumbent electric utility serving the exclusive service territory does not offer an approved tariff for electric energy provided 100 percent from renewable energy*; and
>
> b. To continue purchasing *renewable energy* pursuant to the terms of a power purchase agreement in effect on the date there is filed with the Commission a tariff for the incumbent electric utility that serves the exclusive service territory in which the customer is located to offer *electric energy provided 100 percent from renewable energy*, for the duration of such agreement.

For purposes herein, Code § 56-576 defines "renewable energy" as follows:

> energy derived from sunlight, wind, falling water, biomass, sustainable or otherwise, (the definitions of which shall be liberally construed), energy from waste, landfill gas, municipal solid waste, wave motion, tides, and geothermal power, and does not include energy derived from coal, oil, natural gas, or nuclear power. Renewable energy shall also include the proportion of the thermal or electric energy from a facility that results from the co-firing of biomass.

Petitions for Declaratory Judgment

The Petitions for Declaratory Judgment expressly request that the Commission enter an order:

> (A) confirming that, for a [CSP] to serve customers under Section A 5, it must have control of sufficient renewable generation resources, including renewable capacity and associated renewable energy, to enable it to serve the full load requirements of the customers it intends to serve consistent with the standard approved by the Commission for [Appalachian Power Company ("APCo")] in the Rider WWS Order;[2]
>
> (B) declaring that [Direct Energy and Calpine have] not satisfactorily demonstrated that [they] can serve customers "electric energy provided 100 percent from renewable energy" pursuant to Section A 5; and
>
> (C) providing any other relief as the Commission may deem appropriate.[3]

Analysis

First, as always, the Commission starts with the relevant statute, which in this instance is Code § 56-577. In this regard, "[f]or purposes of implementing retail choice under Code § 56-577, the Commission exercises a legislative function delegated to it by the General Assembly."[4] As explained by the Supreme Court of Virginia, "[w]hen a statute delegates such authority to the Commission, we presume that any limitation on the Commission's discretionary authority by the General Assembly will be clearly expressed in the language of the statute."[5]

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[2] *Application of Appalachian Power Company, For approval of a 100% renewable energy rider pursuant to § 56-577 A 5 of the Code of Virginia*, Case No. PUR-2017-00179, Doc. Con. Cen. No. 190110100, Order Approving Tariff (Jan. 7, 2019) ("Rider WWS Order").

[3] Petitions for Declaratory Judgment at 16-17.

[4] *Appalachian Power Company v. Collegiate Clean Energy, LLC,* Case No. PUR-2018-00039, 2018 S.C.C. Ann. Rept. 382, 384, Final Order (Sept. 21, 2018).

[5] *Virginia Elec. & Power Co. v. State Corp. Comm'n*, 284 Va. 726, 741 (2012). *See also City of Alexandria v. State Corp. Comm'n*, 296 Va. 79, 94 (2018).

For example, the Commission has previously exercised such discretion in aggregation cases under Code § 56-577 A 4,[6] as well as under Section A 5 (discussed further below). As also explained by the Court, and "[a]s the Commission observed, [the differences in the retail choice provisions in Code § 56-577] 'simply reflect different requirements imposed by the General Assembly for different competitive purchase options explicitly permitted by statute.'"[7] As a result, the Commission exercises its discretionary authority given to it by the General Assembly under the specific – and unique – conditions attendant to each of the separate retail choice provisions within Code § 56-577.

For purposes of the instant proceedings, Section A 5 does not address every parameter attendant to purchasing "electric energy provided 100 percent from renewable energy." Thus, in prior decisions under Section A 5, the Commission appropriately exercised its sound discretion related thereto. Indeed, Dominion acknowledges this paradigm and likewise concludes that there is no "doubt that the Commission possesses the requisite authority to set the parameters of providing electric service under Section A 5," and that "the Commission is empowered with broad discretion to establish, among other things, minimum standards to provide service as contemplated by the statute."[8]

Furthermore, the Company stated that it initiated the instant cases so "the Commission can decide whether [the CSPs'] service is compliant" with Section A 5, and that it "paused [the CSPs'] enrollments so that a determination could be made before those customers were switched."[9] Moreover, the Petitions for Declaratory Judgment do not contend that the answers to the Company's requested declarations are outside the scope of the Commission's delegated authority; to the contrary, Dominion explained that "the crux of this case is a proper reading of the Commission's precedent on what constitutes serving a customer's full load with 100 percent renewable energy."[10]

The pleas for relief contained in sections (A), (B), and (C) of the Petitions for Declaratory Judgment are addressed below *seriatim*.

(A) Rider WWS Order

As quoted above, Dominion asks the Commission to issue an order declaring that a CSP "must have control of sufficient renewable generation resources, including renewable capacity and associated renewable energy, to enable it to serve the full load requirements of the customers it intends to serve *consistent with the standard approved . . . in the Rider WWS Order*."[11] The Commission denies this requested declaration. The Commission's Rider WWS Order did not require "renewable capacity," nor did it define "full load requirements" to mean (as argued by Dominion) "full load *at all times*"[12] or "full load requirements *around the clock*."[13]

The Commission's Rider WWS Order found that APCo's proposed tariff satisfied Section A 5. Nothing in that order, however, found that APCo's proposal was the *only* way to comply with Section A 5. That is, contrary to Dominion's assertion, nothing in the Rider WWS Order found that the only way to satisfy Section A 5 is to possess a renewable generation portfolio with characteristics similar to that proposed by APCo. Rather, the Rider WWS Order addressed two aspects of "electric energy provided 100 percent from renewable energy" under Section A 5: (1) the *amount* of energy supplied to the customer; and (2) the *time period* for matching load and supply. Specifically with respect to these aspects, that order: (1) repeated the Commission's prior rejection of *partial* competitive supply under Section A 5; and (2) for the first time, approved a specific time period for matching renewable supply with the customer's load.[14] Because of the relevance to Dominion's arguments herein, the Commission will further discuss each of these two findings.

First, as to the *amount* of energy supplied to the customer, Section A 5 does not specify whether a customer is permitted to purchase only *part* of its energy requirements under Section A 5. Thus, this question is left to the Commission's sound discretion. In 2018, the Commission exercised that discretion and rejected a CSP's request to supply only 25% of a customer's load, finding that a customer must "take its full load requirements" under Section A 5.[15] Subsequently, in the Rider WWS Order, the Commission applied this same standard to utilities, finding that a utility's tariff under Section A 5 also "must supply the customer's full load requirements."[16]

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[6] *See, e.g., Petition of Costco Wholesale Corporation, For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia*, Case No. PUR-2018-00088, Doc. Con. Cen. No. 190560108, Final Order (May 30, 2019); *Petitions of Wal-mart Stores East, LP, For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia*, Case Nos. PUR-2017-00173, PUR 2017-00174, Doc. Con. Cen. Nos. 190230080, 190230081, Final Order (Feb. 25, 2019); *Petition of Reynolds Group Holdings Inc., For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56-577 A 4 of the Code of Virginia*, Case No. PUR-2017-00109, 2018 S.C.C. Ann. Rept. 255, Opinion (May 16, 2018).

[7] *Virginia Elec. and Power Co. v. State Corp. Comm'n*, 295 Va. 256, 266 (2018).

[8] Dominion's Pre-hearing Briefs at 2, 4.

[9] Tr. 20, 25 (PUR-2019-00117, Aug. 7, 2019).

[10] Tr. 26 (PUR-2019-00117, Aug. 7, 2019).

[11] Petitions for Declaratory Judgment at 16-17 (emphasis added).

[12] *See* Dominion's Pre-hearing Briefs at 3 (emphasis added).

[13] *See id.* at 4 (emphasis added).

[14] *See, e.g.,* Rider WWS Order at 5-6.

[15] *Petition of English Biomass Partners-Ferrum, LLC, for a declaratory judgment*, Case No. PUR-2017-00117, 2018 S.C.C. Ann. Rept. 263, 265, Final Order (Apr. 20, 2018).

[16] Rider WWS Order at 5.

Second, Section A 5 also does not specify the *time period* for matching customer load and renewable supply; thus, this question is likewise left to the Commission's sound discretion. The Commission exercised that discretion for the first time in the Rider WWS Order. In that proceeding, APCo proposed to match a customer's load with renewable supply on a monthly basis.[17] Dominion was a party in that case, objected to APCo's proposal, and argued for the same "around the clock" matching standard that it seeks in the instant proceedings.[18] The Commission, however, rejected Dominion's request and found "that it is reasonable, for purposes of supplying 100 percent renewable energy under this statute, to match renewable generation with a participating customer's load on a *monthly* basis."[19] Subsequent to the Rider WWS Order, the Commission also: (a) found that it is reasonable to apply the monthly matching standard to both utilities and CSPs;[20] and (b) denied APCo's request to adopt a "renewable capacity" standard under Section A 5.[21]

In sum, contrary to Dominion's current claim, Commission precedent requiring a customer to take its "full load requirements" under Section A 5 speaks to the *amount* of energy supplied, not to the *time period* for matching load and supply. There is also no Commission precedent establishing a "renewable capacity" or "around the clock" requirement under Section A 5. Rather, pursuant to Commission precedent, a retail supplier (*i.e.*, either the utility or a CSP) under Section A 5 may match a customer's load with renewable supply on a monthly basis.

(B) Direct Energy and Calpine

Next, Dominion asks the Commission to declare that Direct Energy and Calpine have not satisfactorily demonstrated that they can supply their customers with electric energy provided 100 percent from renewable energy.[22] The Commission denies this requested declaration. We find that the information provided by Direct Energy and Calpine (regarding each CSP's customer load and wholesale generation contracts) reasonably establishes that these CSPs have contracted for sufficient renewable energy in order to match renewable supply with a participating customer's load on a monthly basis.[23]

(C) Other Relief – Verifying Compliance

Dominion's third and final plea asks the Commission to provide any other relief that we may deem appropriate.[24] Based on the record in this proceeding, the Commission finds that Direct Energy and Calpine shall provide subsequent data to verify continued compliance with the Commission's requirements under Section A 5.

Specifically, the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules"),[25] as well as the Company's Competitive Service Provider Coordination Tariff ("CSP Coordination Tariff"), address verification attendant to CSPs that supply service under Section A 5. For example:

- "A [CSP] that claims its offerings possess unusual or special attributes shall maintain documentation to substantiate any such claims. Such documentation may be made available through electronic means and a written explanation shall be provided promptly upon request of any customer, prospective customer, [CSP], local distribution company, or the Commission."[26]

- "[T]he CSP shall prove, by affidavit or otherwise, that it will provide Electricity Supply Service provided 100 percent from renewable energy in accordance with § 56-576 and § 56-577 A 5 of the Code of Virginia."[27]

- "The CSP may be subject to revocation of its registration and termination of Coordination Service if it is found to be in noncompliance as provided for in Section 8.0."[28]

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[17] *See, e.g., Application of Appalachian Power Company, For approval of a 100% renewable energy rider pursuant to § 56-577 A 5 of the Code of Virginia*, Case No. PUR-2017-00179, Report of D. Mathias Roussy, Jr., Hearing Examiner at 26 (Sept. 25, 2018) ("Rider WWS Hearing Examiner's Report").

[18] *See, e.g., id.* at 27.

[19] Rider WWS Order at 5-6 (emphasis in original).

[20] *Appalachian Power Company v. Collegiate Clean Energy, LLC,* Case No. PUR-2018-00134, Final Order at 6-7 (June 11, 2019).

[21] *Id*. at 6.

[22] Petitions for Declaratory Judgment at 17.

[23] *See, e.g.,* Exs. 1C, 2C (PUR-2019-00118); Exs. 2, 9 (PUR-2019-00117); Tr. 9, 46-47, 49 (PUR-2019-00117, Aug. 7, 2019); Tr. 54-55 (PUR-2019-00118, Aug. 7, 2019); Tr. 190-91 (combined, Aug. 20, 2019). In addition, the Commission hereby denies the Company's objection to the admission of Exhibits 4C and 5C (Tr. 227-228, 250 (combined, Aug. 20, 2019)). Dominion did not establish that it was prejudiced by such admission. These additional exhibits, however, are not necessary in order to make our factual findings herein. As noted at the hearing, Exhibits 4C and 5C do not amend any of the elements needed, or relied upon by Calpine, to satisfy the Commission's monthly matching standard under Section A 5. Tr. 228 (combined, Aug. 20, 2019).

[24] Petitions for Declaratory Judgment at 17.

[25] 20 VAC 5-312-10, *et seq*.

[26] 20 VAC 5-312-70 E.

[27] CSP Coordination Tariff, § 6.2.1.2.

[28] *Id*., § 6.4.

- "Noncompliance with this Tariff shall include, but is not limited to the following: . . . CSP's failure to provide Electricity Supply Service provided 100 percent from renewable energy in accordance with § 56-576 and § 56-577 A 5 of the Code of Virginia, if the CSP has provided an affidavit or other proof of its intention to do so."[29]

- "If the CSP fails to comply with its obligations under the Tariff, prior to terminating the CSP's Coordination Services the Company shall notify the CSP of the impending termination of Coordination Services and its effective date, the alleged action or inaction that merits such termination of Coordination Services, and the actions, if any, that the CSP may take to avoid the termination of Coordination Services. . . . A copy of the notice shall be forwarded contemporaneously to the Commission's Division of [Public Utility Regulation ('Division')]. . . ."[30]

In accordance with the Retail Access Rules and CSP Coordination Tariff, the Commission finds that Direct Energy and Calpine shall:

(1) provide Dominion with information comparable to the documentation provided in this proceeding regarding subsequent wholesale generation contracts to establish that these CSPs have continued to contract for sufficient renewable energy in order to match renewable supply with their customers' load on a monthly basis;[31] and

(2) submit documentation to the Division and Dominion within 90 days from the end of each calendar quarter, which confirms that such CSP matched renewable supply with customer load during each of the three months comprising the respective calendar quarter.

Dominion's Proposed Standard

The Commission now turns to Dominion's additional request for adoption of a precisely-worded standard under Section A 5. Specifically, during the hearing on August 20, 2019, Dominion presented – for the first time – a proposal that the Company titled "Standard necessary to satisfy requirements of Section A 5," which would mandate as follows:

> The provider must be able to demonstrate the ability to provide energy (*i.e.*, capacity) through ownership or contract rights from sufficient renewable energy resources to serve the full load requirements 100% of the time, including at peak demand, for any customers they intend to serve, to a high degree of statistical certainty. Once this is demonstrated, compliance is measured monthly.[32]

First, as detailed above in response to the specific relief requested in the Company's Petitions for Declaratory Judgment, Commission precedent under Section A 5 does not mandate renewable "capacity," "peak demand," or "100% of the time" requirements.[33] Indeed, such proposals have been rejected by the Commission to date. Thus, Dominion's proposed standard does not serve as a restatement or declaration of current law.

Second, to the extent Dominion proposed its standard to reflect what the Company believes current law should reflect, the Commission agrees with objections raised in these proceedings that such request improperly goes beyond the specific relief requested in the Petitions for Declaratory Judgment.[34]

Third, as noted above, Dominion previously requested the Commission to require "around the clock" supply of renewable energy under Section A 5 as part of the Rider WWS proceeding, and the Commission rejected such request. Thus, any attempt by Dominion at this time to attack or appeal the Commission's Rider WWS Order collaterally would also be improper.[35]

Fourth, the Company's new proposal is also procedurally inappropriate to the extent Dominion now suggests that its proposed standard is required – *as a matter of law* – to comply with the plain language of Section A 5. Rather, as noted herein, the Company has previously taken the contradictory position and accepted that this implementation question lies within the Commission's discretionary authority.[36]

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[29] *Id*., § 8.2.2.

[30] *Id*., § 8.3.

[31] The evidence presented by Direct Energy currently shows monthly wholesale contract quantities through December 2019. *See, e.g.,* Ex. 9 at 2. The evidence presented by Calpine shows monthly wholesale contract quantities for more than two years. *See, e.g.,* Tr. 234.

[32] *See, e.g.,* Ex. 8 (PUR-2019-00117).

[33] The Company stated that its proposed standard reflects its view of the Commission's precedent on this issue to date. Tr. 123 (combined, Aug. 20, 2019).

[34] In addition, the Commission finds that the instant declaratory judgment cases should not be transformed into a generic or rulemaking proceeding. *See, e.g.,* Calpine Pre-hearing Brief at 10; Direct Energy Pre-hearing Brief at 15.

[35] The Commission also notes that the Hearing Examiner in the Rider WWS proceeding likewise (1) did not find that hourly matching is mandated by statute, and (2) recommended that the Commission implement monthly matching. Rider WWS Hearing Examiner's Report at 27-28. No party in that case filed comments objecting to the Hearing Examiner's conclusion that this question lies within the Commission's discretionary authority.

[36] *See, e.g., Board of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 455 n.11 (2016) ("Under approbate-reprobate principles, as we recently explained, 'a litigant may not take successive positions in the course of litigation that are either inconsistent with each other or mutually contradictory.'") (internal quotation marks and citations omitted). *See also Eilber v. Floor Care Specialists, Inc.*, 294 Va. 438, 442 (2017) (Under the prohibition against approbation and reprobation, "a party is prohibited from assuming successive positions in an action or series of actions, regarding the same fact or state of facts, which are inconsistent with each other or are mutually contradictory.") (internal quotation marks and citations omitted).

Finally in this regard, even if Dominion's new proposal were procedurally appropriate, which it is not, the Commission further finds that such proposed standard is neither legally nor factually required, as addressed further below.[37]

Findings of Law

The Commission's analysis once again starts with the statute. Because the Company does "not offer an approved tariff for electric energy provided 100 percent from renewable energy," the plain language of Section A 5 mandates that Dominion's customers "shall" be permitted to purchase renewable energy from a CSP.[38] This is a statutory right given to customers. The statute says "shall," not "may." The General Assembly has not given the Commission the discretion to take that specific right away from customers; rather, the statutory right exists if the utility does not offer "electric energy provided 100 percent from renewable energy."

The plain language of Section A 5 also says "energy," not "capacity." Section A 5 gives customers the right to purchase "electric *energy* provided 100 percent from renewable *energy*," as well as the right "[t]o continue purchasing renewable *energy*" under certain conditions after the utility has an approved tariff for such.[39] Electric energy and electric capacity are two different things, and the General Assembly has referenced both in Code § 56-577.[40] Accordingly, the plain language of the statute does not *require* customers to buy renewable electric "capacity."

Next, Dominion's conflation of "energy" and "capacity" also ignores the common industry usage of those terms, as reflected in the PJM Interconnection, LLC ("PJM") wholesale market.[41] Indeed, the Company acknowledges that energy and capacity are "two products," which "can be differentiated" and are procured individually in the PJM wholesale market.[42] Dominion applied to this Commission in 2003 to become a member of PJM,[43] and the Company cannot now ignore that it, as well as Calpine and Direct Energy, participate in PJM, which bifurcates its "energy" and "capacity" markets.[44]

In addition, as explained above, the plain language of Section A 5 does not specify the time period that must be met for matching customer load and renewable supply. Under Dominion's proposal, a CSP must demonstrate the ability to serve a customer's full load requirements 100% of the time.[45] There is nothing in the plain language of Section A 5, however, that mandates Dominion's "100% of the time" (*i.e.*, "around the clock") requirement. Rather, as found in the Rider WWS Order, this question is left to the Commission's sound discretion.

In sum, the plain language of Section A 5 does not mandate – as a matter of law – adoption of Dominion's proffered standard.

Findings of Fact

Based on the record in this case, the Commission again finds that it is reasonable for a supplier (*i.e.*, either the utility or a CSP) under Section A 5 "to match renewable generation with a participating customer's load on a *monthly* basis."[46]

Initially, it is important to recognize that it is not possible to direct specific types of energy (*i.e.*, renewable electrons) to specific customers on an interconnected electric grid such as PJM.[47] The physics of the electric grid make it impossible for any load serving entity ("LSE"), including Dominion, to ensure that any customer receives "around the clock" renewable energy. That is, all of Dominion's customers physically receive a mix of energy types (renewable and non-renewable electrons) based on the customer's location and the generation mix providing service to the grid at a given time.[48] The question of whether an offering is "electric energy 100 percent from renewable energy" under Section A 5, therefore, must be a function of offsetting customer load on the grid with supply from renewable resources over a specified period of time.

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[37] Accordingly, for the purposes of considering Dominion's arguments herein, the Commission denies Direct Energy's continuing objection (which was joined by Calpine and Kroger) to evidence claimed to be beyond the scope of the specific requests for relief contained in the Petitions for Declaratory Judgment. *See, e.g.,* Tr. 8-9 (combined, Aug. 20, 2019).

[38] Code § 56-577 A 5 a.

[39] Code §§ 56-577 A 5 a and b, respectively.

[40] *See* Code § 56-577 A 6 ("shall continue to pay its incumbent electric utility for the non-fuel generation *capacity* and transmission related costs incurred by the incumbent electric utility in order to meet the customer's *capacity* obligations . . .) (emphasis added).

[41] Wholesale energy and capacity markets are administered by PJM, subject to regulation by the Federal Energy Regulatory Commission. *See, e.g.,* Staff Brief at 9; Tr. 172-173.

[42] *See, e.g.*, Tr. 99 (PUR-2019-00117, Aug. 7, 2019); Tr. 99-100 (PUR-2019-00118, Aug. 7, 2019); Tr. 141 (combined, Aug. 20, 2019).

[43] *Commonwealth of Virginia, ex. rel. State Corporation Commission, Ex Parte, In re: Virginia Electric Power Company; Regional Transmission Entities,* Case No. PUE-2000-00551, Application (filed June 27, 2003). The Commission approved Dominion's request subject to specific terms and conditions. *Id*., 2004 S.C.C. Ann. Rept. 294, Order Granting Approval (Nov. 10, 2004).

[44] *See, e.g.,* Staff Brief at 9-11; Tr. 141 (combined, Aug. 20, 2019).

[45] The Company also requests that CSPs demonstrate compliance on a "monthly" basis. This compliance demonstration, however, is separate from Dominion's proposed "100% of the time" matching standard. *See, e.g.,* Tr. 78-79, 100-101, 112 (combined, Aug. 20, 2019).

[46] Rider WWS Order at 5-6 (emphasis in original).

[47] *See, e.g.,* Tr. 80-81 (PUR-2019-00117, Aug. 7, 2019); Tr. 82-83, 139-140 (combined, Aug. 20, 2019).

[48] *See, e.g.,* Tr. 82-83, 139-140 (combined, Aug. 20, 2019).

Next, significant discussion occurred during the course of these proceedings over the meaning of "capacity" in the context of Dominion's proposed "renewable capacity" standard. Dominion described "capacity" and "renewable capacity" in several different ways over the course of these proceedings, including the following:

- "long-term control of the generation";[49]
- "a contractual right to the generation asset; not just the energy that is out there . . .";[50]
- a "contractual or ownership control of sufficient output rights to [renewable] generation to meet the peak requirements of customers and the full energy requirements of customers";[51]
- "the ability to serve peak load";[52]
- "the ability to provide energy on demand";[53]
- "the ability to provide energy on a ratable basis of megawatts";[54]
- "capacity to deliver the [renewable] electrons on a 24/7 basis";[55]
- "rights to a certain amount of firm power on demand";[56]
- a showing that the CSP "has control of, and the ability to call upon, [a] renewable generation resource at any time during the month, day or night";[57]
- "specifically identified, dedicated renewable generation resources to cover the customers' peak loads on a real-time, or virtually real-time, basis";[58] and
- "a contract with a rate for megawatt hour delivery in megawatts."[59]

Further, as quoted above, at the August 20, 2019 hearing, the Company proposed a specifically-worded standard that requires a CSP to show that it can serve all of its customers' "full load requirements 100% of the time, including at peak demand," with renewable energy "to a high degree of statistical certainty."[60]

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[49] Tr. 31 (PUR-2019-00117, Aug. 7, 2019). *See also* Dominion's Pre-hearing Briefs at 7-8.

[50] Tr. 32 (PUR-2019-00117, Aug. 7, 2019).

[51] Tr. 112 (PUR-2019-00117, Aug. 7, 2019). *See also* Tr. 89 (combined, Aug. 20, 2019).

[52] Tr. 115 (PUR-2019-00117, Aug. 7, 2019).

[53] Tr. 86 (combined, Aug. 20, 2019). *See also* Tr. 85 (combined, Aug. 20, 2019) ("rights to . . . energy on a deliverable basis").

[54] Tr. 101 (combined, Aug. 20, 2019).

[55] Tr. 32 (PUR-2019-00118, Aug. 7, 2019).

[56] Tr. 100 (PUR-2019-00118, Aug. 7, 2019).

[57] Dominion Pre-hearing Briefs at 7-8.

[58] Dominion Pre-hearing Briefs at 10-11 (emphasis omitted).

[59] Tr. 77 (combined, Aug. 20, 2019).

[60] Tr. 14 (combined, Aug. 20, 2019); Ex. 8 (PUR-2019-00117). Dominion has not clearly defined what it means to meet its proposed standard with a "high degree of statistical certainty." *See, e.g.,* Tr. 153 (PUR-2019-00117, Aug. 7, 2019); Tr. 135 (combined, Aug. 20, 2019). In addition, as a practical matter, Dominion does not currently have demand meters installed on all customer premises necessary to measure hourly customer demand; without such metering information, hourly matching would require CSPs to adhere to a standard based on customer profiles rather than actual customer usage. *See, e.g.,* Tr. 79 (PUR-2019-00117, Aug. 7, 2019); Tr. 122, 220 (combined, Aug. 20, 2019).

Dominion concedes, however, that its proposed "renewable capacity" standard does not reflect the realities of the capacity construct established in PJM.[61] Specifically, the PJM capacity market is designed to "procur[e] the appropriate amount of power supply resources needed to meet predicted energy demand three years in the future."[62] PJM ensures that sufficient generation resources will be available to meet the system peak plus a reserve margin.[63] Importantly in this regard, the record reflects that all LSEs within PJM, including Dominion, Direct Energy and Calpine, are required to meet applicable reliability requirements and are subject to PJM capacity charges associated with the peak load of their customers.[64]

In PJM, there is no such thing as a capacity market for "renewable-only" capacity.[65] As such, there is no option under Dominion's standard for CSPs to procure renewable-only capacity through the PJM capacity market.[66] Instead, Dominion asserts that control of renewable capacity would have to be procured by CSPs through either owning renewable generation or contracting with renewable generators.[67] Such a requirement, however, is not otherwise applicable to LSEs operating in PJM.[68] Moreover, Dominion acknowledges that the actual dispatch of resources is not governed by a hypothetical "renewable capacity" construct but, rather, by physics and the operational needs of the PJM pool.[69]

Dominion's proposed standard is also not necessary to ensure reliability of service. Dominion acknowledges that the PJM wholesale market ensures energy is delivered to customers at all times, and that the CSP bears the cost of providing that energy.[70] Dominion, in fact, concedes that "this is not a reliability case" and does not challenge Direct Energy's and Calpine's ability to meet reliability requirements established by PJM.[71]

Dominion's "100% of the time" standard would also significantly hinder a customer's right to purchase, as permitted by Section A 5, electric energy provided from wind and solar generation due to the intermittent nature of these resources.[72] For example, a CSP that had 100 megawatts of offshore wind generation and 100 megawatts of customer peak load would not meet Dominion's "100% of the time" standard, because wind power is intermittent and does not generate electricity when the wind does not blow, requiring the delivery of electrons from other generators.[73] Indeed, a CSP with a portfolio consisting of 100% solar generation – no matter how much nameplate capacity met or exceeded peak load – would be prohibited from serving even a *single customer* under Dominion's "100% of the time" standard, because such a portfolio could not produce electricity at night.[74]

Furthermore, there was evidence that Dominion's "100% of the time" (*i.e.,* hourly matching) standard would represent the most stringent matching requirement of any renewable energy market in the country.[75] There was also evidence that an hourly matching standard could significantly increase the cost of providing service under Section A 5, potentially to the point of being cost prohibitive.[76] Finally, there was evidence that this Commission's existing *monthly* matching requirement is already more stringent than other states with renewable energy markets, which only require customer load and renewable supply to be matched on a *yearly* basis.[77]

In sum, the Commission continues to find that matching customer load with renewable supply on a monthly basis represents a reasonable standard under Section A 5, and, further, that Dominion's most recently proffered standard is not necessary in order to implement Section A 5 in a reasonable manner.

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[61] Tr. 101-102, 158-159 (combined, Aug. 20, 2019).

[62] Staff Brief at 9; Tr. 172-173.

[63] *See, e.g.,* Tr. 73 (PUR-2019-00117, Aug. 7, 2019).

[64] *See, e.g.,* Staff Brief at 9-10; Tr. 172-173.

[65] *See, e.g.,* Tr. 53 (PUR-2019-00118, Aug. 7, 2019).

[66] *See, e.g.,* Tr. 53 (PUR-2019-00118, Aug. 7, 2019).

[67] *See, e.g.,* Petition for Declaratory Judgment (PUR-2019-00117) at 2-3.

[68] *See, e.g.,* Staff Brief at 10; Tr. 172-173.

[69] *See, e.g.,* Tr. 92-93; 119 (combined, Aug. 20, 2019).

[70] *See, e.g.,* Tr. 169-70 (combined, Aug. 20, 2019).

[71] *See, e.g.,* Tr. 108 (PUR-2019-00117, Aug. 7, 2019).

[72] *See, e.g.,* Tr. 74, 95, 131-32; 207; 243-44 (combined, Aug. 20, 2019).

[73] *See, e.g.,* Tr. 95, 185-86; 207 (combined, Aug. 20, 2019).

[74] *See, e.g.,* Tr. 95, 131-32, 207 (combined, Aug. 20, 2019). There was also evidence showing that even with the addition of wind and run-of-river hydroelectric energy to a portfolio including solar, there could be hours when none of those generation facilities are producing electricity. *See, e.g.,* Tr. 225 (combined, Aug. 20, 2019).

[75] *See, e.g.,* Tr. 188-89 (combined, Aug. 20, 2019).

[76] *See, e.g.,* Tr. 59 (PUR-2019-00118, Aug. 7, 2019); Tr.188-89 (combined, Aug. 20, 2019).

[77] *See, e.g.,* Tr. 75 (PUR-2019-00117, Aug. 7, 2019); Tr. 52, 73-74 (PUR-2019-00118, Aug. 7, 2019); Tr. 189, 239 (combined, Aug. 20, 2019). There was further evidence that numerous retail choice states have implemented an *annual* matching standard for renewable portfolio requirements, with California's matching standard therefor extending out three-to-four years. Ex. 6 (PUR-2019-00118).

Conclusion

With regard to the three specific pleas contained in Dominion's Petitions for Declaratory Judgment, we find that:

(A) Commission precedent permits a CSP to match customer load with renewable supply on a monthly basis and does not require CSPs to provide "renewable capacity";

(B) Direct Energy and Calpine have satisfactorily demonstrated that they can supply their customers with electric energy provided 100 percent from renewable energy on a monthly matching basis; and

(C) Direct Energy and Calpine shall continue to provide information as directed herein.

With regard to Dominion's additional proposal to adopt its newly-worded standard for matching customer load and renewable supply, we find that such standard does not reflect current Commission precedent and is otherwise procedurally improper for purposes of the instant proceedings.

Finally, even if Dominion's new proposal were procedurally appropriate, which it is not, the Commission further finds that: (1) the plain language of Section A 5 does not mandate – as a matter of law – adoption of Dominion's proffered standard; and (2) matching customer load with renewable supply on a monthly basis represents a reasonable standard under Section A 5, and Dominion's proposed standard is not necessary in order to implement Section A 5 in a reasonable manner.

Accordingly, IT IS SO ORDERED, and this matter is dismissed.

CASE NO. PUR-2019-00120
SEPTEMBER 16, 2019

APPLICATION OF
MECKLENBURG ELECTRIC COOPERATIVE

For authority to incur debt

ORDER GRANTING AUTHORITY

On July 23, 2019, Mecklenburg Electric Cooperative ("MEC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia ("Code")[1] for approval of a loan. MEC has paid the requisite filing fee of $250.

MEC is seeking authority to borrow up to $12 million in debt from the National Rural Utilities Cooperative Finance Corporation ("CFC"). The Cooperative states that the loan will be used for system improvements, line extensions, and the build out of a fiber optic communications network to interconnect and support reliable and secure communications for the Cooperative's system grid and assets. The Application states that the term of the loan will be 30 years and the interest rates on loan borrowings will be determined at the time of each advance.

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) MEC is authorized to receive a loan of up to $12 million from CFC in the manner, under the terms and conditions, and for the purposes set forth in the Application.

(2) Within thirty (30) days of the date of any advance of funds from CFC, MEC shall file with the Commission's Division of Utility Accounting and Finance a Report of Action, which shall include the amount of the advance and the interest rate.

(3) The authority granted herein shall have no accounting or ratemaking implications.

(4) This case is dismissed.

[1] Code § 56-55 *et seq.*

CASE NO. PUR-2019-00121
SEPTEMBER 18, 2019

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For an order authorizing issuance of securities and the assumption of liabilities and to engage in an affiliate transaction under Chapters 3 and 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On July 24, 2019, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for authority to incur debt for the purpose of refunding and refinancing its $500 million Series B First Mortgage Bonds ("Series B Bonds") with new First Mortgage Bonds ("First Mortgage Bonds"), in an amount not to exceed $500 million, pursuant to Chapter 3[1] of Title 56 of the Code of Virginia ("Code"). Since an affiliate of the Company may act as a "pass through" between KU and the counterparty to a hedge agreement with regard to the First Mortgage Bonds, the Company also seeks approval pursuant to Chapter 4[2] of the Code.

The Application states that KU's obligations in connection with the Series B Bonds were authorized by the Commission in Case No. PUE-2010-00061.[3] The Series B Bonds bear a maturity date of November 1, 2020, with an interest rate of 3.250%. However, the Company states that with the current treasury bond rates, as well as the ten-year and thirty-year rates at their lowest in the past two and a half years, KU has the opportunity to replace its Series B Bonds with attractively priced bonds that will benefit KU's cost of debt.

KU notes that its Mortgage Indenture ("Indenture") allows the Company to issue, from time to time, First Mortgage Bonds with varying terms and conditions. KU states that all bonds issued under the Indenture would be equally and ratably secured by the first mortgage lien.[4] The Application states that the First Mortgage Bond of each series would set forth the terms and provisions of each series, including the maturity date(s), interest rate(s), redemption provisions, and other provisions.[5]

In connection with the issuance of First Mortgage Bonds, KU states that it may enter into one or more interest rate hedging agreements (including interest rate cap, swap, collar, or similar agreements, collectively "Hedging Facility") through an affiliate company, or directly with a bank or another financial institution ("Counterparty"). The Company states that based on current market conditions, fixing the interest rate of a variable rate bond for three years would be approximately 84 basis points lower than current spot rates. The Company also notes that the Hedging Facility would be used to lock in a rate prior to an issuance. The Company represents that the advantage of KU obtaining a Hedging Facility through an affiliate would be that KU would not need to negotiate the terms independently, and thus would be able to take advantage of master agreements for hedging agreements. The Application states that if KU were to use its affiliate as a Counterparty, KU would not be charged any costs associated with negotiating and procuring the Hedging Agreement. KU would only pay the fees charged by the third-party Counterparty.

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 is in the public interest, subject to the requirements set forth in this Order and the Appendix attached hereto.

ACCORDINGLY, IT IS ORDERED THAT:

(1) Pursuant to §§ 56-55 and 56-76 of the Code, the Application is approved, subject to the requirements set forth in this Order and the Appendix attached hereto.

(2) The Company is authorized to incur debt in an amount not to exceed $500 million, under the terms and conditions, and for the purposes stated in its Application.

(3) The Company is hereby authorized to engage in the affiliate transactions with regard to the Hedging Agreements as set out in its Application.

(4) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

APPENDIX

1. KU shall be authorized to (i) issue long-term debt in the form of First Mortgage Bonds in one or more series at one or more times during 2019 and 2020, in an aggregate amount not to exceed $500 million, and (ii) enter into hedging facilities in connection with the issuance of long-term debt for the terms, conditions, and reasons specified in the Application.

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[1] Code §56-55 *et seq.*

[2] Code §56-76 *et seq*.

[3] *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 to existing authority,* Case No. PUE-2010-00061, 2010 S.C.C. Ann. Rept. 537, Order Granting Authority (Oct. 19, 2010).

[4] Application at 6, Item 7.

[5] The specific price, maturity date(s), interest rate(s), redemption provisions, and other terms and provisions would be determined based on negotiations between KU and the underwriters, agents, or other purchasers of the bonds. However, based on past experiences, the Company estimates the issuance costs, excluding underwriting fees, to be approximately $1 million.

2. KU shall file a Report of Action within thirty (30) days of the issuance of long-term debt. In the report, the Company shall include the following:

(a) date(s) of the issuance;
(b) the proceeds of such issuances;
(c) the associated interest rate(s);
(d) any related hedging facility; and
(e) all associated fees and expenses.

3. Should KU use its affiliate as a "pass through" for any hedging facility, KU shall only pay fees charged by the third-party counterparty.

4. 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 proposed debt financing.

5. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of §§ 56-78 and 56-80 of the Code hereafter.

6. The Commission reserves the right to examine the books and records of any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

CASE NO. PUR-2019-00123
SEPTEMBER 20, 2019

APPLICATION OF
DRIFT MARKETPLACE, INC.

For a license to do business as a competitive service provider of electric supply service pursuant to § 56-587 of the Code of Virginia

ORDER GRANTING LICENSE

On August 13, 2019, Drift Marketplace, Inc. ("Drift" or "Company"), completed an application with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider of electric supply service in the Commonwealth of Virginia pursuant to § 56-587 of the Code of Virginia ("Application"). The Company seeks authority to serve eligible commercial, industrial, and governmental customers[1] in the service territories of Appalachian Power Company ("APCo"), Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV"), and Central Virginia Electric Cooperative ("CVEC").[2] Drift 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").[3]

On August 15, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order") that, in part, required the Company to serve a copy of the Procedural Order on the utilities identified in Attachment A to the Procedural Order, permitted interested persons to file comments on the Application, directed Commission Staff ("Staff") to investigate the Application and present its findings in a report ("Report"), and provided parties an opportunity to respond to the Staff's Report.

By notice filed with the Commission on August 22, 2019, the Company certified that it had completed the service required by the Commission's Procedural Order.

DEV filed comments on September 6, 2019.

On September 10, 2019, the Staff filed its Report, which analyzed Drift's Application and evaluated the Company's financial and technical fitness. Staff recommended that a license be granted to the Company to conduct business as a competitive service provider of electricity in the service territories of APCo, DEV, and CVEC upon proof of a performance bond, or other acceptable means of financial security, in the amount of $25,000, made payable to the Commonwealth of Virginia. Staff further recommended that the level of financial security be periodically evaluated based upon Drift's growth in operations and consideration of any penalties or fines incurred.

No party filed comments to the Staff's Report.

NOW THE COMMISSION, upon consideration of the Application, the Staff's Report, and applicable law, finds that Drift should be granted a license to conduct business as a competitive service provider of electricity to eligible commercial, industrial, and governmental customers in the service territories of APCo, DEV, and CVEC, upon proof of an acceptable means of financial security in the amount of $25,000, and subject to all conditions in this Order.

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[1] Drift initially filed its Application on July 30, 2019. On August 6, 2019, the Company filed additional information to supplement its Application. In part, this information clarified the type of service or services the Company proposes to provide and the classes of customers to which it proposes to provide such services. Specifically, Drift clarified that it is seeking approval to serve certain commercial, industrial, and governmental customers.

[2] Pursuant to § 56-577 of the Code of Virginia, retail choice for electricity is only permitted pursuant to the customer classes, load parameter, and renewable energy sources set forth therein, and exists only in the service territories of DEV, APCo, and the electric cooperatives.

[3] 20 VAC 5-312-10 *et seq*.

Accordingly, IT IS ORDERED THAT:

(1) Drift is hereby granted License No. E-41 to conduct business as a competitive service provider of electric service to commercial, industrial, and governmental customers in the service territories of APCo, DEV, and CVEC, subject to Drift providing the required financial security of $25,000 in a form prescribed by Staff. This license to act as a competitive service provider is subject to the provisions of the Retail Access Rules, this Order, and all other applicable law.

(2) The Staff shall review the Company's financial fitness at the time of its annual licensure renewal.

(3) This license is not valid authority for the provision of any product or service not identified within the license itself.

(4) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

CASE NO. PUR-2019-00126
SEPTEMBER 11, 2019

APPLICATION OF
MITEL CLOUD SERVICES OF VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CANCELLING CERTIFICATE

On August 5, 2019, Mitel Cloud Services of Virginia, Inc. ("Mitel" or "Company"),[1] filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of its certificate of public convenience and necessity ("Certificate No. T-675b") to provide local exchange telecommunications services in the Commonwealth of Virginia issued by the Commission in Case No. PUC-2015-00034.[2] Mitel states that it no longer provides regulated telecommunications services to customers in Virginia, has not offered such services for several years, and so, no longer needs the certificate granted by the Commission.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Certificate No. T-675b should be cancelled, and any tariffs on file associated with Certificate No. T-675b also should be cancelled. Further, we find that Mitel should be released from the obligation to maintain a bond on file with the Commission, and accordingly, that the bond may be cancelled by the Company.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed as Case No. PUR-2019-00126.

(2) Certificate No. T-675b, issued by the Commission to Mitel to provide local exchange telecommunications services, is hereby cancelled.

(3) Any tariffs on file with the Commission associated with Certificate No. T-675b are hereby cancelled.

(4) The bond associated with Certificate No. T-675b is hereby released.

(5) This case is dismissed.

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[1] While Mitel Cloud Services, Inc., is named in the application, the correct name of the entity holding a Commission-issued certificate of public convenience and necessity is Mitel Cloud Services of Virginia, Inc.

[2] *Application of Mitel NetSolutions of Virginia, Inc., For an amended and reissued certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change,* Case No. PUC-2015-00034, 2015 S.C.C. Ann. Rept. 169, Order Reissuing Certificate (July 30, 2015).

CASE NO. PUR-2019-00127
SEPTEMBER 3, 2019

PETITION OF
ACCESS POINT OF VIRGINIA, INC.

For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services

ORDER CANCELLING CERTIFICATE

On August 6, 2019, Access Point of Virginia, Inc. ("Access Point"), filed a petition with the State Corporation Commission ("Commission") requesting cancellation of its certificate of public convenience and necessity ("Certificate No. T-583") to provide local exchange telecommunications services in the Commonwealth of Virginia issued by the Commission in Case No. PUC-2002-00008.[1] Access Point states that it no longer has local exchange customers in Virginia and requests cancellation of its tariffs on file with the Commission.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Certificate No. T-583 should be cancelled, and any tariffs on file associated with Certificate No. T-583 also should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed as Case No. PUR-2019-00127.

(2) Certificate No. T-583, issued by the Commission to Access Point to provide local exchange telecommunications services, is hereby cancelled.

(3) Any tariffs on file with the Commission associated with Certificate No. T-583 are hereby cancelled.

(4) This case is dismissed.

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[1] *Application of Access Point of Virginia, Inc., For a certificate of public convenience and necessity to provide local exchange telecommunications services,* Case No. PUC-2002-00008, 2002 S.C.C. Ann. Rept. 276, Final Order (May 2, 2002).

CASE NO. PUR-2019-00129
NOVEMBER 25, 2019

JOINT APPLICATION OF
FUSION CONNECT, INC., DEBTOR-IN-POSSESSION, FUSION CONNECT LLC, DEBTOR-IN-POSSESSION,
FUSION COMMUNICATIONS, LLC, DEBTOR-IN-POSSESSION, and TELECOM HOLDINGS LLC

For approval of a transaction that will result in a material change to the ownership and control of Fusion Connect LLC, Debtor-in-Possession, and Fusion Communications, LLC, Debtor-in-Possession, pursuant to Va. Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On August 7, 2019, Fusion Connect, Inc., Debtor-in-Possession ("Fusion Connect"); Fusion Connect LLC, Debtor-in-Possession ("Fusion LLC"); Fusion Communications, LLC, Debtor-in-Possession ("Fusion Communications") (collectively, "Fusion Companies"); and Telecom Holdings LLC ("Telecom Holdings") (collectively, "Applicants"), filed a Joint Application ("Application") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[1] requesting approval of a transaction that will result in the transfer of control of Fusion Communications and Fusion LLC to Telecom Holdings ("Transfer").

Fusion Communications and Fusion LLC are certificated competitive local exchange carriers (CLECs) (hereinafter referred to jointly as "Fusion CLECs"). Fusion Communications is authorized to provide local exchange telecommunications services in Virginia pursuant to its certificate of public convenience and necessity ("CPCN") issued by the Commission in Case No. PUR-2019-00101.[2] Fusion LLC is authorized to provide local exchange telecommunications services in Virginia pursuant to its CPCN issued by the Commission in Case No. PUR-2019-00074.[3]

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[1] Code § 56-88 *et seq*.

[2] *See Application of Cbeyond Communications, LLC, For cancellation and issuance of a certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change,* Case No. PUR-2019-00101, Doc. Con. Cen. No. 190810079, Order Reissuing Certificate (Aug. 2, 2019).

[3] *See Application of Network Billing Systems, L.L.C., For cancellation and issuance of a certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change*, Case No. PUR-2019-00074, Doc. Con. Cen. No. 191030174, Order Reissuing Certificate (Oct. 31, 2019).

According to the Application, on June 3, 2019, each of the Fusion Companies, including the Fusion CLECs, made a voluntary filing for bankruptcy protection pursuant to Chapter 11 of Title 11 of the United States Code.[4] The Applicants state that pursuant to an agreement by an *ad hoc* group of the majority of the holders of Fusion Connect's first lien debt, these debt holders will exchange a portion of their debt for, among other things, common stock of Fusion Connect.[5] The Applicants represent that as a result of the proposed Transfer, Telecom Holdings will acquire in excess of 50% of the common stock of reorganized Fusion Connect and, therefore, will also acquire indirect control of the Fusion CLECs.

The Applicants assert that the proposed Transfer will not involve any change in assignment of operating authority, assets, or customers. The Applicants further state that the Fusion CLECs will continue to provide services to their customers in Virginia without any immediate changes to the rates, terms, or conditions of service as currently provided. Lastly, information provided with the Application indicates that the Fusion CLECs will continue to have the financial, managerial, and technical resources to provide telecommunications services in Virginia following the completion of the proposed Transfer.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the above-described Transfer should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-88.1 and 56-90, the Applicants hereby are granted approval of the proposed Transfer as described herein.

(2) The Applicants shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Transfer, which shall note the date the Transfer occurred.

(3) This case is dismissed.

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[4] *See* Application at 2-3.

[5] *Id.* at 2.

CASE NO. PUR-2019-00130
OCTOBER 11, 2019

APPLICATION OF
TRANSPARENCE ENERGY SERVICES, LLC

For a license to do business as an electricity aggregator

ORDER GRANTING LICENSE

On August 16, 2019, TransparencE Energy Services, LLC ("TransparencE" or "Company"), completed the filing of an application with the State Corporation Commission ("Commission") for a license to do business as an electricity aggregator in the Commonwealth of Virginia ("Application"). The Company seeks authority to market electric aggregation services to eligible commercial, industrial, and governmental customers in the service territories of Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV") and ("APCo") Appalachian Power Company.[1]

TransparencE attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").[2]

On September 5, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order") that, in part, required the Company to serve a copy of the Procedural Order on the electric utilities identified in Attachment A to the Procedural Order, and directed the Staff of the Commission ("Staff") to analyze the Application and present its findings in a report ("Report"). On September 13, 2019, the Company certified that it had completed the service required by the Commission's Procedural Order.

Comments were filed by Virginia Electric and Power Company on September 23, 2019.

On September 27, 2019, the Staff filed its Report, which summarized TransparencE's Application and evaluated its financial and technical fitness. Staff recommended that a license be granted to TransparancE to conduct business as an aggregator of electricity.

NOW THE COMMISSION, upon consideration of the Application, the Staff's Report, and applicable law, finds that TransparencE should be granted a license to conduct business as an aggregator of electricity to eligible commercial, industrial, and governmental customers throughout Virginia, subject to all conditions in this Order.

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[1] Retail choice for electric service exists only in the service territories of DEV and APCo, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameter, and renewable energy sources as set forth in the Code of Virginia.

[2] 20 VAC 5-312-10 *et seq*.

Accordingly, IT IS ORDERED THAT:

(1) TransparencE is hereby granted License No. A-73 to provide competitive aggregation service for electricity to eligible commercial, industrial, and governmental customers throughout Virginia. This license to act as an aggregator is subject to the provisions of the Retail Access Rules, this Order, and other applicable law.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to the license granted herein.

CASE NO. PUR-2019-00131
SEPTEMBER 3, 2019

PETITION OF
GLOBAL TELECOM BROKERS OF VIRGINIA, INC.

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER CANCELLING CERTIFICATES

On August 12, 2019, Global Telecom Brokers of Virginia, Inc. ("GTB" or "Company"), filed a letter petition with the State Corporation Commission ("Commission") for authority to discontinue providing services in the Commonwealth of Virginia pursuant to 20 VAC 5-423-20 of the Commission's Rules Governing the Discontinuance of Local Exchange Telecommunications Services Provided by Competitive Local Exchange Carriers, 20 VAC 5-423-10 *et seq.*, and for cancellation of the certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services issued by the Commission in Case No. PUC-2001-00148,[1] as well as any associated tariffs. GTB states that its request will not have an adverse impact as the Company does not serve any local or long distance subscribers in Virginia.

NOW THE COMMISSION, upon consideration of the matter and being sufficiently advised by the Commission's Staff, is of the opinion and finds that GTB's request should be granted. We find that the certificates of public convenience and necessity issued to GTB and the Company's tariffs associated therewith should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUR-2019-00131.

(2) Certificate No. T-569, authorizing GTB to provide local exchange telecommunications services throughout the Commonwealth, is hereby cancelled.

(3) Certificate No. TT-161A, authorizing GTB to provide interexchange telecommunications services throughout the Commonwealth, is hereby cancelled.

(4) Any tariffs on file associated with these certificates are hereby cancelled.

(5) This case is dismissed.

[1] *See Global Telecom Brokers of Virginia, Inc., For certificates of public convenience and necessity to provide local and interexchange telecommunications services,* Case No. PUC-2001-00148, 2001 S.C.C. Ann. Rept. 338, Final Order (Oct. 1, 2001).

CASE NO. PUR-2019-00132
DECEMBER 6, 2019

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval to amend a SAVE Plan pursuant to Virginia Code § 56-604 and For approval to implement a 2020 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions

ORDER APPROVING AMENDED SAVE PLAN AND SAVE RIDER FOR CALENDAR YEAR 2020

On August 15, 2019, Columbia Gas of Virginia, Inc. ("CVA" or "Company"), filed with the State Corporation Commission ("Commission") an application for approval to amend Phase 2 of its SAVE Plan pursuant to the Steps to Advance Virginia's Energy Plan (SAVE) Act, Chapter 26 of Title 56 ("SAVE Act") of the Code of Virginia ("Code"),[1] and for approval to implement a 2020 Infrastructure Reliability and Replacement Adjustment ("IRRA") ("Application").

[1] Code § 56-603 *et seq*.

In its Application, the Company requests approval to increase the annual investment cap from $30 million to $50 million for calendar year 2020 and increase the total five-year (2016-2020) cap on authorized Phase 2 SAVE Plan expenditures from $173.8 million to $193.8 million.[2] According to the Company, it is proposing the increases in these caps to (1) accelerate the replacement of bare steel pipelines, (2) accommodate necessary large scale pipeline replacement projects, and (3) address additional costs related to more refined work plans and cost projections.[3] CVA is not proposing to modify the operational aspects of its current SAVE Plan or the authorized categories of SAVE eligible infrastructure.[4] The Company is not proposing any change to the currently authorized tolerance band of 5% applicable to total SAVE expenditures or the associated annual tolerance band of 25% approved by the Commission in Case No. PUE-2015-00071.[5] Additionally, the Company is not proposing any changes to the provision of Section 20 of the Company's General Terms and Conditions.[6]

Section 56-604 A of the SAVE Act allows CVA to recover SAVE eligible infrastructure costs (as defined in Code § 56-603) through a SAVE Rider, which is defined in the Company's tariff as the IRRA. Accordingly, CVA requests authority to implement a 2020 IRRA in accordance with Section 20 of its General Terms and Conditions, as contemplated in the Commission's November 28, 2011 Order Approving SAVE Plan and Rider in Case No. PUE-2011-00049,[7] as modified by the July 3, 2013 Order Approving Amended SAVE Plan in Case No. PUE-2013-00015,[8] as amended and extended by the Commission in the 2015 SAVE Order, and as extended by the 2017 SAVE Order. The 2020 IRRA comprises a 2018 Infrastructure Replacement Reconciliation Rate ("IRRR") and a 2020 Infrastructure Replacement Current Rate ("IRCR") and is billed as a combined fixed charge each month.[9] The 2018 IRRR is designed to true-up the IRCR in effect for calendar year 2018 to the actual SAVE costs experienced during that time period, and the 2020 IRCR is designed to recover projected costs associated with SAVE-eligible infrastructure replacements during calendar year 2020.

The Company seeks approval of the following: (1) the Company's 2018 IRRR credit in the amount of $91,890;[10] (2) the Company's 2020 IRCR in the amount of $6,203,644;[11] and (3) the filing of rate sheets implementing the 2020 IRCR and 2018 IRRR. The 2020 IRCR and the 2018 IRRR result in an IRRA total net charge to customers of $6,111,754 for 2020.[12] The Company requests that the 2020 IRRA be effective with the first billing unit of January 2020 through the last billing unit of December 2020.[13] The Company's 2020 IRRA proposed monthly rates by rate schedule are as follows: Residential Sales Service / Residential Transportation Service, $1.52; Small General Service 1 / Small General Transportation Service 1, $1.49; Small General Service 2 / Small General Transportation Service 2, $4.17; Small General Service 3 / Small General Transportation Service 3, $13.97; Large General Service 1 / Transportation Service 1, $134.63; and Large General Service 2 / Transportation Service 2, $714.87.[14]

Additionally, the Company requests to be relieved from the submission of certain quarterly reports to the Commission's Division of Utility and Railroad Safety.[15]

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[2] The Commission approved CVA's Phase 2 SAVE Plan in *Application of Columbia Gas of Virginia, Inc., For approval to amend and extend a SAVE Plan pursuant to Virginia Code § 56-604, and For approval to implement a 2018 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions*, Case No. PUR-2017-00095, 2017 S.C.C. Ann. Rept. 534, Order Approving Amended SAVE Plan and SAVE Rider for Calendar Year 2018 (Dec. 13, 2017) ("2017 SAVE Order").

[3] Application at 3.

[4] Application at 4.

[5] Direct Testimony of Carla D. Dix at 21-22. *Application of Columbia Gas of Virginia, Inc., For approval to amend and extend a SAVE Plan pursuant to Virginia Code § 56-604, and For approval to implement a 2016 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions*, 2015 S.C.C. Ann. Rept. 352, Order Approving Amended SAVE Plan (Oct. 23, 2015) ("2015 SAVE Order").

[6] Direct Testimony of Carla D. Dix at 22.

[7] *Application of Columbia Gas of Virginia, Inc., For approval of a SAVE plan and rider as provided by Virginia Code § 56-604,* Case No. PUE-2011-00049, 2011 S.C.C. Ann. Rept. 501, Order Approving SAVE Plan and Rider (Nov. 28, 2011).

[8] *Application of Columbia Gas of Virginia, Inc., For authority to amend its SAVE Plan pursuant to § 56-604 of the Code of Virginia,* Case No. PUE-2013-00015, 2013 S.C.C. Ann. Rept. 356, Order Approving Amended SAVE Plan (July 3, 2013).

[9] Application at 3, 9.

[10] Schedule No. 2.

[11] Schedule No. 10.

[12] Application at Schedule No. 1.

[13] Application at 9.

[14] Schedule No. 17 at 1.

[15] Application at 7-8.

On September 11, 2019, the Commission entered an Order for Notice and Comment, which, among other things, required CVA to provide public notice of its Application; provided interested persons an opportunity to file comments on the Application, file notices of participation, or request a hearing on the Application; directed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Report" or "Staff Report") containing its findings and recommendations; and provided an opportunity for the Company to file a response to the Staff Report ("Response").[16] No notices of participation or requests for hearing were filed.

Staff filed its Report on November 4, 2019. Staff from the Commission's Division of Utility and Railroad Safety reviewed the Company's Application and proposed replacement projects that the Company expects to incur under the amendment, and concluded that the projects covered by the proposed 2020 annual investment cap appear to be in keeping with SAVE activity and the eligibility requirements in the SAVE Act.[17] Staff did not oppose the request by CVA to cease compliance with the quarterly list of measurement and regulation ("M&R") stations reporting.[18]

On the request by the Company to increase its spending caps, Staff noted its concern that the proposed variances could serve to compound the burden on ratepayers.[19] In order to alleviate these concerns, Staff proposed (1) that any approval of an amended Phase 2 SAVE Plan not exceed a cumulative spend of $193.8 million with no variance, which would allow the Company to collect its projected levels for 2019 and 2020, and (2) the Commission consider limiting future SAVE Plans to two or three years.[20]

Staff also conducted an accounting analysis and made several adjustments to the Company's proposed revenue requirement.[21] Staff found that CVA used the incorrect numbers for the beginning deferral balances in calculating the True-up Factor for 2017 and 2018, and that the correct numbers are $2,192,416 and $2,893,828 respectively.[22] Additionally, Staff found that CVA inadvertently included the wrong balance in the Application for the December 2017 accumulated deferred income tax balance.[23] When corrected, the True-Up factor revenue requirement is decreased by $9,055.[24] Staff made additional corrections for the Property Tax Rate Jurisdictional Factors, the Proration Adjustment, and the True-Up Uncollectibles Factor.[25]

Staff's accounting adjustments resulted in Staff's recommended 2018 True-Up Factor revenue requirement of $190,768, and Staff's recommended 2020 Projected Factor revenue requirement of $6,232,463, for a total 2020 SAVE Rider revenue requirement in the amount of $6,423,231, which is higher than the Company's requested 2020 SAVE Rider revenue requirement of $6,111,754.[26] Staff recommended that, should the Commission limit the approved revenue requirement to the amount requested by the Company, the total comprise a 2018 True-Up Factor of $190,768 and a 2020 Projected Factor of $5,920,986.[27]

The Company filed its Response on November 18, 2019. The Company accepted Staff's adjustments to the proposed revenue requirement, including limiting the revenue requirement due to the noticed amount.[28] Additionally, CVA agreed to place a firm cap on total SAVE Phase 2 investment of $193.8 million.[29] In doing so, CVA indicated that it may propose tolerance allowances in future SAVE applications.[30] The Company also agreed to limit the period of the Company's next SAVE phase to no more than three years.[31]

With regards to the Staff's analysis on the proposed SAVE projects, CVA clarified its position on the projected replacement mileage of bare steel main, noting that the 9.5 miles referenced in the Staff Report refers to the total blanket main line replacements of which only a portion would be bare steel.[32] Additionally, the Company noted that the projects are still in the design phase and the final miles have not yet been finalized.[33]

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[16] On September 13, 2019, the Commission issued a Correcting Order, which did not impact any of the procedural dates outlined in the prior order.

[17] Staff Report at 2.

[18] *Id.* at 3.

[19] *Id.* at 4.

[20] *Id.* at 6.

[21] *See id.* at 6-8 for a full discussion of Staff's accounting adjustments.

[22] *Id.* at 7.

[23] *Id.*

[24] *Id.*

[25] *Id.* at 8.

[26] *Id.* at 6-7, 12.

[27] *Id.* at 12.

[28] Response at 3. CVA noted that the same treatment was adopted by the Commission in PUR-2018-00132.

[29] *Id.*

[30] *Id.*

[31] *Id.*

[32] *Id.* at 2.

[33] *Id.*

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Company's Application is approved, subject to the requirements discussed below. We approve the Company's request to increase the annual investment cap from $30 million to $50 million for calendar year 2020 and increase the total five-year (2016-2020) cap on authorized Phase 2 SAVE Plan expenditures from $173.8 million to $193.8 million with no variance. For purposes of calculating the 2020 SAVE Rider, we accept Staff's accounting adjustments as set forth in the Staff Report and as agreed to by the Company in its Response. We further find that a total revenue requirement of $6,111,754 is reasonable and shall be approved for purposes of this proceeding. This revenue requirement comprises a 2018 True-Up Factor in the amount of $190,768 and a 2020 Projected Factor of $5,920,986. Lastly, we find that the Company should be relieved of the requirement to submit quarterly reports delineating the M&R stations on which the Company has taken corrective action to the Division of Utility and Railroad Safety.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application is approved, subject to the modifications as set forth within this Order. Rates consistent with this Order shall become effective with the first billing unit of January 2020 and shall continue through the last billing unit of December 2020. Specifically, we approve the Company's 2018 True-Up Factor as modified by the Staff Report to be effective with the first billing unit of January 2020 through the last billing unit of December 2020. Further we approve the Company's 2020 Projected Factor as modified by the Staff Report to be implemented with the first billing unit of January 2020 through the last billing unit of December 2020.

(2) CVA forthwith shall file with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance revised tariffs for the 2020 SAVE Rider, with workpapers supporting the revenue requirement and rates, which shall reflect the findings set forth in this Order. The Clerk shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) This matter is dismissed.

CASE NO. PUR-2019-00133
NOVEMBER 6, 2019

PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For a prudency determination with respect to the Westmoreland Solar Power Purchase Agreement pursuant to § 56-585.1:4 F of the Code of Virginia

FINAL ORDER

On August 16, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company"), pursuant to § 56-585.1:4 F of the Code of Virginia ("Code"), filed a petition ("Petition") with the State Corporation Commission ("Commission") for a prudency determination with respect to the Company's proposed power purchase agreement ("PPA") with Westmoreland County Solar Project, LLC ("Westmoreland"), associated with a 20 megawatt solar facility ("Project") to be located in Westmoreland County, Virginia.

The Company states that the Project will be developed by Westmoreland. In addition, the Project will be interconnected at the distribution level but will be a PJM Interconnection, LLC ("PJM") generation resource. According to the Petition, the Company selected the Project through a competitive solicitation process. The Company states that it reviewed proposals for completeness and conformity to the request for proposals ("RFP") requirements and that the Project provides a positive net present value to customers when compared to market purchases. The Company states that it executed a PPA for the Project on August 6, 2019, contingent upon receiving Commission approval.[1]

Dominion will allocate Project costs among energy, capacity, and renewable energy certificates ("RECs"). The Company states that it will recover the costs through a combination of base rates and the fuel factor. Costs allocated to energy will be recovered through the Company's fuel factor and costs allocated to capacity and RECs will be recovered through base rates.[2]

The Petition states that, if deemed prudent by the Commission, the anticipated commercial operations date for the Project is the fourth quarter of 2020 with a PPA term of 20 years.[3]

In sum, the Company requests in its Petition "that the Commission issue an Order (1) finding that the Westmoreland PPA is prudent, and (2) granting any such other approvals as deemed appropriate and necessary."[4]

On August 22, 2019, the Commission issued an Order for Notice and Hearing that, among other things, docketed the Petition; scheduled a public hearing on the Petition; required Dominion to publish notice of the Petition; gave interested persons the opportunity to comment on, or participate in, the proceeding; directed the Commission's Staff ("Staff") to investigate the Petition and file testimony and exhibits containing its findings and recommendations thereon; and appointed a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission.

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[1] Ex. 2 (Petition) at 3-4.

[2] *Id.* at 5; Ex. 3 (Gaskill Direct) at 7.

[3] Ex. 2 (Petition) at 3.

[4] *Id.* at 7.

Notices of participation were filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") and Appalachian Voices.

The evidentiary public hearing in this case was held on October 8, 2019, in which the following participated: Dominion; Consumer Counsel; Appalachian Voices; and Staff. No public witnesses testified at the hearing, and the Commission did not receive any electronic comments from public witnesses.[5] At the hearing, the participants provided testimony and entered evidence on, among other things, the prudency of the Westmoreland PPA and the appropriate methodology for allocating the PPA's costs, as well as whether the contested allocation issue must be decided in this proceeding, rather than being deferred to a future proceeding in which the Company seeks recovery of the PPA's costs.[6] In total, four potential allocation methodologies were proposed either in testimony or during the hearing, with Staff proposing two options and the Company proposing two options.[7]

On October 15, 2019, the Report of D. Mathias Roussy, Jr., Hearing Examiner ("Report"), was filed. The Hearing Examiner made the following findings and recommendations in his Report: (i) the Westmoreland PPA is for the type of purchase the General Assembly has predetermined is in the public interest; (ii) the record supports a finding that the Westmoreland PPA is prudent; (iii) the Commission could defer a determination on the appropriate allocation of the components of the Westmoreland PPA to a future proceeding; (iv) an allocation of the components of the Westmoreland PPA could be implemented using a time-of-execution approach to establish fixed allocation percentages for the life of the PPA, or allocation could be implemented using a time-of-delivery approach that regularly reflects updated relationships between energy, RECs, and capacity costs; (v) should the Commission approve a time-of-execution allocation approach, the Hearing Examiner recommends that the Commission consider approving a fifth cost allocation methodology; and (v) should the Commission approve a time-of-delivery allocation approach, the record supports approval of either the cost allocation methodology Dominion proposed in rebuttal testimony or the methodology Staff proposed during the hearing.[8]

On October 25, 2019, Dominion, Consumer Counsel, Appalachian Voices, and Staff filed comments on the Report.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code § 56-585.1:4 F

Dominion filed the instant Petition under Code § 56-585.1:4 F, which states as follows:

> A utility may elect to petition the Commission, outside of a triennial review proceeding conducted pursuant to § 56-585.1, at any time for a *prudency determination* with respect to the construction or purchase by the utility of one or more solar or wind generation facilities located in the Commonwealth or off the Commonwealth's Atlantic Shoreline or the *purchase by the utility of energy, capacity, and environmental attributes from solar* or wind *facilities owned by persons other than the utility*. The Commission's final order regarding any such petition shall be entered by the Commission *not more than three months* after the date of the filing of such petition.[9]

Public Interest

The General Assembly has mandated that utility purchases such as the Westmoreland PPA are in the "public interest:"

- Prior to January 1, 2024, (i) the construction or purchase by a public utility of one or more solar or wind generation facilities located in the Commonwealth or off the Commonwealth's Atlantic shoreline, each having a rated capacity of at least one megawatt and having in the aggregate a rated capacity that does not exceed 5,000 megawatts, or (ii) *the purchase by a public utility of energy, capacity, and environmental attributes from solar facilities described in clause (i) owned by persons other than a public utility is in the public interest, and the Commission shall so find if required to make a finding regarding whether such* construction or *purchase is in the public interest.*[10]

- Twenty-five percent of the *solar generation capacity* placed in service on or after July 1, 2018, located in the Commonwealth, *and found to be in the public interest pursuant to subsection A or B shall be from the purchase by a public utility of energy, capacity, and environmental attributes from solar facilities owned by persons other than a public utility*. The remainder shall be construction or purchase by a public utility of one or more solar generation facilities located in the Commonwealth. All of the solar generation capacity located in the Commonwealth and found to be in the public interest pursuant to subsection A or B shall be subject to competitive procurement, provided that a public utility may select solar generation capacity without regard to whether such selection satisfies price criteria if the selection of the solar generating capacity materially advances non-price criteria, including favoring geographic distribution of generating capacity, areas of higher employment, or regional economic development, if such non-price solar generating capacity selected does not exceed 25 percent of the utility's solar generating capacity.[11]

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[5] Tr. 8.

[6] *See* Ex. 7 (Norwood Direct) at 10-11; Tr. 22, 25-26, 129-132, 165-169, 171, 175.

[7] *See* Ex. 3 (Gaskill Direct) at 7; Ex. 8 (Abbott Direct) at 21-25; Ex. 16 (Gaskill Rebuttal) at 5-9; Tr. 60-65; Ex. 11.

[8] Report at 19.

[9] Emphases added.

[10] Code § 56-585.1:4 A (emphasis added).

[11] Code § 56-585.1:4 D (emphasis added).

Evidence

Evidence in this case relevant to the *factual* question of prudency includes the following:

Risk

- The Company evaluated the PPAs submitted in response to its RFP based on a variety of price and non-price factors, including numerous potential risks. After evaluating these risks, the Company chose the Westmoreland PPA.[12]
- The Project's developer – not Dominion's customers – bears most of the risks of this Project.[13]
- The terms and conditions of the Westmoreland PPA are structured so that the Project's developer bears all operational risk.[14]
- Contractual terms, including a negotiated price, shield customers from the risk of cost overruns in constructing and maintaining the solar facility.[15]
- The Project will be constructed and operated with known and proven technology.[16]

Cost

- The Westmoreland PPA is the result of a thorough and transparent competitive bidding process.[17]
- The competitive bidding process resulted in more than 50 proposals for a wide variety of solar projects.[18]
- The Westmoreland PPA could be used by the Company as a lower cost energy resource than what is obtainable from the PJM energy market.[19]
- The Westmoreland PPA may benefit ratepayers by lowering the fuel factor and customers' total bills.[20]
- The Westmoreland PPA will result in a positive net present value to customers.[21]

Prudency

The Commission has considered the entire record.[22] The Commission concludes that the record in this proceeding supports a finding that the Westmoreland PPA is prudent. The facts supporting a finding of prudence in this matter include, among other things and as cited above, the following:

(1) The Project's developer – not Dominion's customers – bears essentially all of the risk of the proposed Project, including cost overruns and operational risks.

(2) The PPA chosen by the Company, along with the terms and conditions therein, provides significant safeguards for customers.

(3) The Westmoreland PPA is the result of a thorough and transparent competitive bidding process.

(4) The Westmoreland PPA provides a positive net present value to customers.

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[12] Ex. 3 (Gaskill Direct) at 4-6, Sch. 1 p. 5-7.

[13] *See* Report at 10; Ex. 8 (Abbott Direct) at 7; Tr. 59-60.

[14] *See* Report at 10; Ex. 8 (Abbott Direct) at 7, 26.

[15] *See* Report at 10. The negotiated price includes a 2.5% annual escalation. *See id.*

[16] Tr. 121-22.

[17] Ex. 8 (Abbott Direct) at 16-18.

[18] *Id*. at 16; Ex. 3 (Gaskill Direct) at 4, Sch. 1.

[19] Ex. 8 (Abbott Direct) at 7; Ex. 3 (Gaskill Direct) at 7.

[20] Ex. 8 (Abbott Direct) at 21-22, 26; Report at 10.

[21] Ex. 3 (Gaskill Direct) at 7.

[22] *See also Board of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 454 n.10 (2016) ("We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence of record.") (citation omitted).

(5) The Westmoreland PPA is competitive with market prices.

(6) The Project is based on known and proven technology.

Allocation

Five cost allocation methodologies were proposed in this proceeding. However, no party asserts that cost allocation must be decided at this time. Staff states that a decision in this case on allocation is not necessary for accounting purposes, as the Company could adjust the fuel deferral mechanism if the Commission approves an allocation methodology in a future cost recovery proceeding that differs from what the Company used for booking purposes.[23] While Dominion asserts that nothing precludes the Commission from making a cost allocation determination in the present proceeding, the Company also acknowledges that "it's not absolutely necessary for the Commission to decide the cost allocation in this case."[24]

Moreover, Consumer Counsel and Appalachian Voices recommend deferral of this decision until Dominion seeks cost recovery for the Westmoreland PPA in either a future fuel factor or triennial review proceeding.[25] According to Consumer Counsel, "interjecting complicated questions such as the proper allocation of PPA costs into a limited and voluntary prudency proceeding with an accelerated procedural schedule does not serve the public interest."[26] Consumer Counsel also expresses concern that any cost allocation proposal adopted in this case could be inconsistent with the method ultimately adopted in Case No. PUR-2019-00104, where the allocation for intermittent facilities, including solar generation, is at issue.[27]

We find that a determination of prudency in this proceeding does not require the adoption of a cost allocation methodology. We also concur with the Hearing Examiner that the issue could appropriately be considered in either a 2020 fuel factor proceeding or the Company's 2021 triennial review.[28] For these reasons, and given the testimony provided in this proceeding, we find that the issue of cost allocation for the Westmoreland PPA should be addressed when Dominion first seeks cost recovery for the PPA.

Accordingly, IT IS ORDERED THAT the Petition is approved as set forth herein, and this matter is dismissed.

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[23] Tr, 129-132.

[24] Tr. 175.

[25] *See* Ex. 7 (Norwood) at 10-11; Tr. 22-26.

[26] Tr. 167-68.

[27] *See* Ex. 7 (Norwood) at 10-11; *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider US-3, Colonial Trail West and Spring Grove 1 Solar Projects, For the rate year commencing June 1, 2020*, Case No. PUR-2019-00104, Doc. Con. Cen. No. 190740003, Order for Notice and Hearing (July 22, 2019).

[28] Report at 13.

CASE NO. PUR-2019-00134
SEPTEMBER 24, 2019

APPLICATION OF
MECKLENBURG ELECTRIC COOPERATIVE

For authority to guarantee long-term indebtedness of an affiliate

FINAL ORDER

On August 15, 2019, Mecklenburg Electric Cooperative ("MEC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 3[1] and Chapter 4[2] of Title 56 of the Code of Virginia ("Code"), requesting approval to serve as guarantor of long-term debt obligations of its wholly owned subsidiary, EMPOWER Broadband, Inc. ("Empower"), pursuant to a Guaranty Agreement ("Guaranty") with the National Cooperative Services Corporation ("NCSC") in consideration of a $3.0 million loan agreement ("Loan Agreement") and a $1.0 million revolving line of credit agreement ("Revolving Line Agreement") between Empower and NCSC. On August 30, 2019, the Cooperative filed additional information to complete its Application.

The Application states that Empower is the wholly owned subsidiary of MEC formed in 2018 to provide high speed broadband service to approximately 2,909 accounts spanning six counties by interfacing with excess capacity from MEC's fiber network. The Commission previously authorized management services and facility services between MEC and Empower under agreements approved in Case No. PUR-2018-00180.[3] To provide it with start-up capital, Empower has arranged with NCSC to borrow up to $3 million under the Loan Agreement and up to $1 million under the Revolving Line Agreement. However, access to such funding is contingent upon the Guaranty, whereby MEC would serve as guarantor of Empower's obligations under the Loan Agreement and Revolving Line Agreement.

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[1] Code § 56-55 *et seq.* ("Chapter 3").

[2] Code § 56-76 *et seq.* ("Chapter 4").

[3] *See*, *JOINT APPLICATION OF MECKLENBURG ELECTRIC COOPERATIVE AND EMPOWER BROADBAND, INC., For approval of a management services agreement and lease agreement under Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2018-00180, S.C.C. Doc. Con. Cen. No. 198150057, Final Order (Jan. 30, 2019).

MEC represents that the Guaranty will have no impact on MEC's income statement or balance sheet and that the Guaranty is unsecured to MEC. In reviewing the Application, the Commission Staff ("Staff") expects that the impact on MEC of the entire $4 million obligation, if incurred, would be minimal and not detrimental to the Cooperative.

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 is in the public interest, subject to the requirements set forth in this Order and the Appendix attached hereto.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Chapters 3 and 4 of the Code, MEC is hereby granted approval to serve as Guarantor of Empower obligations under the Loan Agreement and Revolving Line Agreement as described herein, subject to the requirements set forth in the Appendix attached to this Order.

(2) This case is hereby dismissed.

APPENDIX

1. The authority for MEC to be guarantor of Empower's obligations under the Loan Agreement and the Revolving Line Agreement shall extend only for the duration of the obligations under each respective agreement. Separate approval shall be required for MEC to be guarantor of any other Empower debt obligations, including but not limited to any extension of the Revolving Line Agreement.

2. The Commission's approval shall have no accounting or ratemaking implications.

3. Separate Commission approval shall be required for any changes in the terms and conditions of the Guaranty.

4. All costs, inclusive of attorney fees and filing fees, associated with obtaining authority for the Guaranty shall be charged to Empower, and the dates, accounts, and amounts of such transactions, as recorded on the books of MEC and Empower, shall be included in MEC's Annual Report of Affiliate Transactions ("ARAT") submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director.

5. In the event that MEC is required to pay for any obligations of Empower under the Guaranty, the dates, accounts, and amounts of such transactions, as recorded on the books of MEC and Empower, shall be included in MEC's ARAT.

6. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of Code § 56-76 et seq. hereafter.

7. The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.

8. The Cooperative shall file with the Commission a signed and executed copy of the Guaranty within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's UAF Director.

9. This matter shall remain under the continued review, audit, and authority of the Commission.

CASE NO. PUR-2019-00135
SEPTEMBER 25, 2019

APPLICATION OF
NORDIC ENERGY SERVICES, LLC.

For license to conduct business as a competitive service provider of natural gas pursuant to § 56-587 of the Code of Virginia

ORDER GRANTING LICENSE

On August 16, 2019, Nordic Energy Services, LLC ("Nordic" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for a license to conduct business as a competitive service provider of natural gas in the Commonwealth of Virginia pursuant to § 56-235.8 of the Code of Virginia ("Code"). The Company seeks authority to serve all eligible customer classes[1] in the service territories of Washington Gas Light Company ("WGL") and Columbia Gas of Virginia, Inc. ("CVA").[2] Nordic 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").[3]

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[1] Staff contacted the Company to request clarification of this request. The Company replied that it will be soliciting residential and small commercial customers. The Company further stated that it does not intend to serve governmental or industrial customers at this time but requests the flexibility to serve these customer classifications if the Company's marketing strategy changes. *See* Staff Report at 1.

[2] The Application also seeks authority to serve eligible natural gas customer classes in the Shenandoah Gas service territory; however, Shenandoah Gas is a division of WGL and does not have a separate tariff. Pursuant to the plans required by § 56-235.8 A of the Code, retail choice for natural gas service exists only in the service territories of WGL and CVA. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s

[3] 20 VAC 5-312-10 *et seq.*

On August 22, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order") that, in part, required the Company to serve a copy of the Procedural Order on the utilities identified in Attachment A thereto, permitted interested persons to file comments on the Application, directed Commission Staff ("Staff") to investigate the Application and present its findings in a report ("Report" or "Staff Report"), and provided the Company and parties that filed comments an opportunity to respond to the Staff Report.

By notice filed with the Commission on September 3, 2019, the Company certified that it had completed the service required by the Commission's Procedural Order.

No comments were filed in this case.

On September 16, 2019, the Staff filed its Report, which analyzed Nordic's Application and evaluated the Company's financial and technical fitness. Staff recommended that a license be granted to the Company to conduct business as a competitive service provider of natural gas in the service territories of WGL and CVA. The Company did not file comments to the Staff Report.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and applicable law, finds that Nordic should be granted a license to conduct business as a competitive service provider of natural gas in the service territories of WGL and CVA to residential, commercial, governmental, and industrial customers.

Accordingly, IT IS ORDERED THAT:

(1) Nordic is hereby granted License No. G-54 to conduct business as a competitive service provider of natural gas to residential, commercial, governmental, and industrial customers. The license to act as a competitive service provider is subject to the provisions of the Retail Access Rules, this Order, and all other applicable law.

(2) Nordic shall submit to the directors of the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance evidence of sufficient firm capacity necessary to serve each essential human needs natural gas customer, with such information to be submitted at least thirty (30) days prior to the provision of natural gas to such customer.

(3) The Staff shall review the Company's financial fitness at the time of its annual licensure renewal.

(4) This license is 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 the license granted herein.

CASE NO. PUR-2019-00136
NOVEMBER 8, 2019

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For authority to enter into a finance lease under Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On August 19, 2019, Columbia Gas of Virginia, Inc. ("CVA" or "Company"), filed an Application with the State Corporation Commission ("Commission"), pursuant to Chapter 3[1] of Title 56 of the Code of Virginia ("Code"), requesting authority to enter into a finance lease with PagBuena 19 LLC for premises located at 25 Blue Bird Lane, Buena Vista, Virginia, which will serve as the Company's new operations center in the Lexington area ("Buena Vista Operations Center").

The Application states that based on the Company's build versus lease comparison, CVA determined that the lease option would be the lesser cost to customers than the build option.[2] In addition, the Company stated that by leasing the Buena Vista Operations Center, the Company would not be locked into a long-term commitment associated with owning the land and building.

The Commission's Staff ("Staff") investigated the Application and compiled its results in an action brief. The action brief reports that CVA, in assistance with the real estate department within NiSource Corporate Service Company ("NiSource"), conducted a request for proposals ("RFP") to construct and own the Buena Vista Operations Center.[3] CVA engaged a commercial real estate consultant to conduct a market survey to identify undeveloped parcels on which an operations center could be built. The Company further represented that it invited a total of nine companies to participate in the RFP process. Ultimately, the Company received bids from the Pagura Companies ("Pagura")[4] and from Emerson I, LLC.[5] The Company awarded the contract to Pagura as it was the lowest bid.

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[1] Code § *56-55 et seq.*

[2] Application at 6.

[3] See Staff Verbal Data Request Set 1, Response 5, attached to the October 28, 2019 action brief, filed contemporaneously with this Order.

[4] See Staff's action brief at 4.

[5] *Id*.

The Company acknowledges that the Buena Vista Operations Center, consisting of 6,400 square feet, will have a rent cost of approximately $47 per square foot.[6] For comparison purposes, the Company provided a narrative detailing other operations center sites within the NiSource footprint. The Company asserts that each NiSource operations center has unique characteristics that affect the comparability of each operations center's cost per square foot. The Company's representation notwithstanding, the Buena Vista Operations Center will be one of the most expensive buildings in NiSource's footprint.[7]

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Staff, through Staff's action brief and the Company's comments thereon, is of the opinion and finds that approval of the Application is not detrimental to the public interest, subject to the requirements set forth in this Order and the Appendix attached hereto.

Given the costs associated with new operations center, as well as the fact that the approval of the Application will have no ratemaking implications, CVA's next rate proceeding should provide opportunity for Staff to further audit and consider the costs associated with the new Buena Vista Operations Center.

ACCORDINGLY, IT IS ORDERED THAT:

(1) Pursuant to §56-55 of the Code, the Application is approved, subject to the requirements set forth in this Order and the Appendix attached hereto.

(2) This case is closed.

APPENDIX

1. CVA shall be authorized to enter into the capital lease as stated in the Application. Should the Company wish to extend or change the terms and conditions of the capital lease, separate Commission approval shall be required prior to any change.

2. CVA shall retain records of the costs associated with the Buena Vista Operations Center and the relative market costs/data that support the Company's decision to lease the Buena Vista Operations Center, which shall be available upon request for Staff's review.

3. CVA shall file a Report of Action ("Report") within thirty (30) days of CVA and the landlord having finalized the actual project costs as dictated by the lease. In the Report, the Company shall include an executed lease agreement, the final construction costs, and the final monthly and annual lease payments.

4. 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 proposed financial obligation.

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[6] See Staff Data Request Set 1, Response 1, attached to Staff's action brief.

[7] See Staff Verbal Data Request Set 1, Response 14, attached to Staff's action brief.

CASE NO. PUR-2019-00137
NOVEMBER 14, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY, VIRGINIA POWER SERVICES ENERGY, CORP., INC., and
DOMINION ENERGY FUEL SERVICES, INC.

For approval of revised fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On August 30, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV"), Virginia Power Services Energy, Corp., Inc. ("VPSE"), and Dominion Energy Fuel Services, Inc. ("DE Fuels")[1] (collectively, "Applicants"),[2] completed the filing of an application ("Application") with the State Corporation Commission ("Commission") for approval of revised fuel agreements pursuant to Chapter 4[3] of Title 56 of the Code of Virginia ("Code"). Specifically, the Applicants seek approval of: (1) a Revised Fuel Procurement Umbrella Agreement; (2) a Revised Fuel Management Agreement ("Management Agreement"); (3) a Revised Fuel Agency and Procurement Agreement for Oil ("Oil Agreement"); and (4) a Revised Fuel Agency and Procurement Agreement for Natural Gas ("Gas Agreement") (collectively, "Ch. 4 VPSE Agreements"), for a five-year period extending from January 1, 2020, through December 31, 2024.[4] The Applicants also filed a Motion for Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*

The proposed Management Agreement, between DEV and VPSE,[5] provides for VPSE to: (1) manage DEV's fuel-related activities, including the purchase, sale, storage, and/or transportation of fuel, as defined therein,[6] for use by DEV in boiler start-up or for electric generation; and (2) provide associated risk management services to DEV. Paragraph (5) of the Management Agreement states that VPSE will provide the fuel-related services to DEV at cost.

The proposed Oil and Gas Agreements, between VPSE and DE Fuel,[7] each provide for VPSE to engage DE Fuel as its exclusive agent to provide comprehensive fuel procurement and management services to VPSE.[8] Article 3.2 of the Oil and Gas Agreements provides that to the extent that DE Fuel sells fuel to VPSE, the price for the fuel should not exceed the lower of DE Fuel's actual cost (with no profit or loss component) or the then-current market price for such fuel, plus the cost of transportation to the point of sale to VPSE.[9]

The Applicants represent that the proposed Ch. 4 VPSE Agreements contain only limited, non-substantive changes to the currently operative Ch. 4 VPSE Agreements, including a new effective date of January 1, 2020, corporate name changes, and a new attachment, an Agreement to Adhere and Protect Confidential System Operation Information ("CSOI Agreement").[10]

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through Staff's action brief and having considered the Applicants' comments thereon, is of the opinion and finds that the Ch. 4 VPSE Agreements are in the public interest and are approved subject to certain requirements listed in the Appendix attached to this Order.

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[1] F/k/a Virginia Power Energy Marketing, Inc.

[2] Dominion Energy, Inc. ("DEI"), is the parent company of the Applicants.

[3] Code § 56-76 *et seq*.

[4] The Commission previously approved the agreements in Case No. PUE-2014-00062. *Application of Virginia Electric and Power Company, Virginia Power Services Energy Corp., Inc., and Virginia Power Energy Marketing, Inc., For approval of New and Revised Affiliate Fuel Agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUE-2014-00062, 2014 S.C.C. Ann. Rept. 454, Order Granting Approval (Sept. 29, 2014); 2014 S.C.C. Ann. Rept. 456, Order on Reconsideration (Oct. 16, 2014); and 2016 S.C.C. Ann. Rept. 214, Order Granting Approval (Mar. 18, 2016).

[5] *See* Application, Attachment D1.

[6] Fuel is defined in the Management Agreement as "natural gas, No. 2 and No. 6 fuel oil, gasoline, diesel fuel, and miscellaneous fuel, which shall be limited to any petroleum-based fuel, such as jet fuel, kerosene or propane."

[7] *See* Application, Attachments E1 and F1.

[8] The eleven categories of fuel procurement and management services provided by DE Fuel to VPSE are detailed in Article 1 (Procurement and Management Services) and Article 2 (Scheduling, Balancing, Accounting and Invoicing Services) of the Oil Agreement (Attachment E1) and Gas Agreement (Attachment F1) filed with the Application.

[9] The Applicants represent that, under the New Procurement Approach implemented July 1, 2013, and confirmed by the Commission Staff's ("Staff") subsequent audit findings, the specific natural gas volumes purchased by VPSE can be identified, priced, and audited using the actual market price paid by DE Fuel in arm's-length transactions with non-affiliated parties. In addition, the Applicants represent that Addendum B to the Oil and Gas Agreements sets forth the service charge methodologies and incorporates the types of costs approved by the Commission in Case No. PUE-2014-00062. *See* Application at 10.

[10] Application at 7-9. In November 2018, the North Carolina Utilities Commission ("NCUC") approved a revised Code of Conduct for Virginia Electric and Power Company d/b/a Dominion Energy North Carolina, which provided that utility customer information should only be disclosed to an affiliate to the extent necessary for the affiliate to provide the agreed-upon services. The affiliate was required to agree in writing to protect the confidentiality of the customer information. To comply with the NCUC's requirements, the CSOI Agreement is attached to the proposed Ch. 4 VPSE Agreements.

Specifically, we will adopt the Applicants' recommendations clarifying Appendix Requirement No. 3 such that: (1) they be required to submit an electronic version of the VPSE Report to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") at the same time that DEV's annual Fuel Procurement Strategy Report is filed by January 31 of each year, and (2) the first VPSE Report to be filed on January 31, 2020, will be for the fuel year covering the time period from July 1, 2018, to June 30, 2019. Finally, we find that the Applicants' Motion is no longer necessary and, therefore, should be denied.[11]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the Ch. 4 VPSE Agreements are approved subject to the requirements listed in the Appendix attached to this Order.

(2) The Applicants' Motion is denied; however, we direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(3) This case is dismissed.

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[11] The Commission held the Applicants' Motion in abeyance and has not received a request for leave to review the confidential information submitted in this proceeding. Accordingly, the Commission denies the Motion as moot but directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUR-2019-00138
NOVEMBER 18, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY and VIRGINIA POWER SERVICES, LLC

For approval of a revised affiliate agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On August 26, 2019, the Applicants filed an application ("Application") with the State Corporation Commission ("Commission") for approval pursuant to the Affiliates Act of a revised inter-company credit agreement ("Ch. 4 Credit Agreement") for $1 billion. The Commission approved the initial Ch. 4 Credit Agreement in Case No. PUA-1998-00039,[1] and revised Ch. 4 Credit Agreements have been approved in Case Nos. PUE-2005-00099,[2] PUE-2012-00059,[3] and PUE-2014-00063.[4]

Virginia Power Services, LLC ("VPS"), a wholly owned subsidiary of Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV"), exists to facilitate the efficient use of DEV's resources and expertise to provide unregulated services to third parties while segregating that activity from DEV's traditional electric utility operations.[5] DEV uses VPS as a conduit to pass the Ch. 4 Credit Agreement financing from VPS through other credit agreements ("Other Credit Agreements")[6] to fund the operations of VPS' subsidiaries, Virginia Power Services Energy, Corp., Inc. ("VPSE"), and Virginia Power Nuclear Services Company ("VPN"), as they are not self-sufficient companies ("Pass-Through Financing").

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[1] *Application of Virginia Electric and Power Company, For approval of affiliate transactions with Virginia Power Services, Inc.,* Case No. PUA-1998-00039, S.C.C. Ann. Rept. 150, Order Granting Approval (Jan. 28, 1999).

[2] *Application of Virginia Electric and Power Company, Dominion Resources, Inc., Virginia Power Services, Inc., Virginia Power Services Energy Corp., Inc., and Virginia Energy Marketing, Inc., For approval of the transfer of Virginia Power Energy Marketing, Inc., from Virginia Electric and Power Company to Dominion Resources, Inc., and for approval of technical changes to previously approved affiliate agreements, or alternatively, an exemption from the fling and prior approval requirements of the Affiliates Act pursuant to Chapter 4, Title 56 of the Code of Virginia,* Case No. PUE-2005-00099, S.C.C. Ann. Rept. 491, Order Granting Approval (Dec. 21, 2005).

[3] *Application of Virginia Electric and Power Company and Virginia Power Services, LLC, For approval of a Revised Affiliate Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUE-2012-00059, S.C.C. Ann. Rept. 465, Order Granting Approval (Aug. 13, 2012).

[4] *Application of Virginia Electric and Power Company and Virginia Power Services, LLC, For approval of a Revised Affiliate Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia,* Case No. PUR-2014-00063, S.C.C. Ann. Rept. 458, Order Granting Approval (Sept. 29, 2014).

[5] Application at 2.

[6] The Applicants do not seek Affiliates Act approval of the Other Credit Agreements.

VPSE exists to procure and hold oil and natural gas inventory and assets on DEV's behalf so that DEV can avoid taxation in states other than those in which it traditionally operates.[7] The Applicants represent that tax avoidance (*i.e.*, preventing tax nexus in other states and not becoming subject in those states to having to pay taxes) is a substantial benefit to DEV and its customers.[8] VPN exists to provide nuclear management and operations services.[9]

The proposed Ch. 4 Credit Agreement will have an aggregate credit limit of $1 billion. The Applicants propose an effective date of January 1, 2020, which will extend for a term of five years until December 31, 2024. VPS will pay interest to DEV on the Ch. 4 Credit Agreement's outstanding borrowings based on the daily effective weighted average interest rates on DEV's aggregate short-term borrowings (*e.g.*, commercial paper program, inter-company credit agreement with Dominion Energy, Inc. ("DEI"),[10] bank loans under its revolving credit agreements). The Applicants represent that DEV will not generate interest income in excess of its interest costs pursuant to the Ch. 4 Credit Agreement. Rather, the interest DEV will charge to VPS is intended to serve as a mechanism for transferring an appropriate portion of DEV's short-term debt financing costs to VPS, VPSE, and VPN.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through Staff's action brief and having considered the Applicants' comments thereon, is of the opinion and finds that the proposed Ch. 4 Credit Agreement is in the public interest and is approved. As we have concerns that: (1) the Ch. 4 Credit Agreement and Other Credit Agreements are inter-related; and (2) the borrowing, repayment, and interest cost components of the Pass-Through Financing require significant review to determine their effect, if any, on DEV's cost of service, we will adopt the requirements listed in the Appendix attached to this Order in order to facilitate the auditing and determination of the effect, if any, of the Pass-Through Financing on DEV's cost of service.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code of Virginia, the Ch. 4 Credit Agreement is approved subject to the requirements listed in the Appendix attached to this Order.

(2) This case is dismissed.

APPENDIX

(1) Pursuant to the Ch. 4 Credit Agreement and Other Credit Agreements, DEV and VPS shall provide a formal acknowledgement that the Commission regulates the recovery of any costs that arise from the Pass-Through Financing, and therefore must be able to determine the effect, if any, of such costs on DEV's cost of service.

(2) The Applicants shall file, within sixty (60) days after the end of each calendar quarter beginning in 2020, a quarterly Report of Action that includes a Ch. 4 Credit Agreement daily outstanding borrowing schedule, which separately lists the ultimate borrower (VPSE or VPN), the amount borrowed, the interest rate charged, and any other fees, terms, or conditions of the financing. This filing shall be subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").

(3) DEV shall file an executed copy of the approved Ch. 4 Credit Agreement within thirty (30) days of the effective date of the Order in this case. This filing shall be subject to administrative extension by the UAF Director. VPS shall maintain executed copies of the Other Credit Agreements, which shall be available upon request for Staff's review.

(4) The Commission's approval of the Ch. 4 Credit Agreement shall extend from January 1, 2020, through December 31, 2024. If the Applicants wish to extend the Ch. 4 Credit Agreement beyond that date, separate approval shall be required.

(5) The Commission's approval shall have no accounting or ratemaking implications.

(6) Aggregate borrowing under the Ch. 4 Credit Agreement shall not exceed $1 billion. The use of the Ch. 4 Credit Agreement shall be limited to the funding of VPN and VPSE activities undertaken on DEV's behalf.

(7) Separate Commission approval shall be required for any changes in the terms and conditions of the Ch. 4 Credit Agreement.

(8) The approval granted in this case shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq.* hereafter.

(9) The Commission shall reserve the right to examine the books and records of DEV and any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

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[7] See Applicants' Response to Staff Data Request No. 1-2 attached to the November 4, 2019 Staff Action Brief filed contemporaneously with this Order.

[8] *Id.*

[9] See Applicants' Response to Staff Data Request Nos. 3-10 and 3-11 attached to the November 4, 2019 Staff Action Brief filed contemporaneously with this Order.

[10] DEI is the senior parent company of DEV, VPS, VPSE, and VPN.

CASE NO. PUR-2019-00139
SEPTEMBER 24, 2019

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to receive cash capital contributions from an affiliate pursuant to § 56-76 *et seq.* of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On August 26, 2019, Washington Gas Light Company ("WGL" or "Company") filed an application with the State Corporation Commission ("Commission"), pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),[1] seeking authority to receive cash contributions from its immediate corporate parent, Wrangler SPE LLC ("Wrangler SPE"), up to an aggregate principal amount of $450 million ("Application"). Wrangler SPE is the bankruptcy-remote special purpose entity established as one of the ring-fencing measures in connection with the merger ("Merger") of AltaGas Ltd. and WGL Holdings, Inc. ("Holdings").[2] Through the Application, WGL requests authorization to engage in the proposed affiliate transactions from time to time, commencing with the effective date of the Commission's final order in this proceeding through December 31, 2022.[3] Additionally, the Company requests interim authority to engage in the proposed affiliate transactions until the Commission has the opportunity to issue a final ruling on the Application.[4]

In support of its Application, the Company states that the Commission authorized WGL to receive cash contributions from Holdings through Wrangler SPE in the aggregate principal amount of $400 million up to December 31, 2018.[5] The Company explains that it will not issue securities to Wrangler SPE at the time of the receipt of cash capital contributions from Wrangler SPE, but will instead reflect the actual cash contributions through an accounting entry on the corporate records of WGL and Wrangler SPE.[6] According to the Company, this process is no different than the process for the cash capital contributions WGL has received from Holdings through Wrangler SPE pursuant to authority granted in the 2018 Order.[7] The Company states that the proceeds of such cash capital contributions would be applied by WGL to support its construction program, to repay short-term and long-term debt, and other corporate purposes. According to the Company, the authorization requested in the Application will also enable WGL to meet its goal to maintain an appropriate equity ratio.[8]

NOW THE COMMISSION, upon consideration of the Application and the record herein, is of the opinion and finds that the Application is in the public interest and should be approved subject to certain requirements set forth in the Appendix to Staff's Action Brief filed contemporaneously with this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, WGL hereby is granted approval of the Application as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) The Company's request for interim authority is moot and hereby is denied.

(3) This case is dismissed.

APPENDIX

1. WGL is authorized to receive cash capital contributions from Holdings, through Wrangler SPE, in the aggregate amount up to $450 million, from time to time, from the effective date of this Order through December 31, 2022, for the purposes stated in the Application.

2. WGL shall file a Report of Action within thirty (30) days of receiving any cash capital contribution pursuant to Appendix Item 1.

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[1] Code § 56-76 *et seq.*

[2] Application at 1. *See Joint Petition of Washington Gas Light Company, WGL Holdings, Inc., and AltaGas Ltd., For approval of an acquisition of control of a public utility pursuant to the Utility Transfers Act, Va. Code § 56-88 et seq.,* Case No. PUR-2017-00049, 2017 S.C.C. Ann. Rept. 492 (Oct. 20, 2017). On April 4, 2018, the Maryland Public Service Commission approved the Merger subject to certain conditions, which the applicants accepted. *See In the Matter of the Merger of AltaGas Ltd. and WGL Holdings, Inc.,* Case No. 9449, Order No. 88631 (April 4, 2018) and letter from Counsel for Applicants (April 5, 2018). On June 29, 2018, the Public Service Commission of the District of Columbia issued an Order approving the proposed merger and Settlement Agreement, subject to certain conditions, which the settling parties accepted. *See In the matter of the merger of AltaGas Ltd. and WGL Holdings, Inc.,* Formal Case No. 1142, Order No. 19396 (June 29, 2018) and letter from Counsel on behalf of Settling Parties (July 2, 2018).

[3] Application at 4.

[4] Application at 2.

[5] *Id.* at 1. *See Application of Washington Gas Light Company, for authority to receive cash capital contributions from an affiliate pursuant to § 56-76 et seq. of Title 56 of the Code of Virginia,* Case No. PUR-2018-00116, 2018 S.C.C. Ann. Rept. 486, Order Granting Approval (Aug. 27, 2018) ("2018 Order").

[6] Application at 4.

[7] *Id.*

[8] *Id.*

3. The approval granted in this case shall have no accounting or ratemaking implications. Specifically, the approval in this case shall not guarantee the recovery of any costs directly or indirectly related to the proposed cash capital contributions.

4. The Commission's approval in this case shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq.* hereafter.

5. The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

6. WGL is required to include all transactions associated with the cash capital contributions in its Annual Report of Affiliate Transactions submitted to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") on May 1 of each year, subject to administrative extension by the UAF Director.

CASE NO. PUR-2019-00140
OCTOBER 18, 2019

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to long-term debt securities and short-term debt

ORDER GRANTING AUTHORITY

On August 26, 2019, Washington Gas Light Company ("WGL" or "Company") filed an application with the Virginia State Corporation Commission ("Commission") under Chapter 3[1] of Title 56 of the Code of Virginia ("Code") for authority to issue long-term debt, short-term debt, and to enter into hedging transactions. WGL has paid the requisite fee of $250.

The Company requests authority to issue up to $600 million in long-term securities in the form of bonds, notes and other forms of indebtedness ("Long-Term Securities") and up to $550 million in short-term debt ("Short-Term Securities") from January 1, 2020, through December 31, 2022. The amount of short-term indebtedness requested is in excess of 12% of total capitalization as defined in § 56-65.1 of the Code. In addition, the Company requests authority to enter into one or more interest rate hedging transactions in association with the issuance of new Long-Term Securities.

WGL states that the proceeds from the issuance of any Long-Term Securities will be used to refund maturing long-term debt and for general corporate purposes such as the funding of capital expenditures, acquisition of property, working capital requirements and the retirement of short-term debt. Long-Term Securities may also be used for the advanced refunding of long-term debt as market conditions permit. Proceeds from the Short-Term Securities will be used to fund the Company's temporary and seasonal cash needs and to maintain financing flexibility.

WGL will only enter into interest rate hedging transactions in conjunction with the issuance of Long-Term Securities. According to the Company, these transactions will be used for the purpose reducing uncertainty and controlling the cost of long-term debt.

NOW THE COMMISSION, upon consideration of the application, and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) WGL is hereby granted approval of the authority requested in the application as described herein subject to the requirements set forth in the Appendix attached to this Order.

(2) This matter shall remain subject to the continued review, audit and appropriate directive of the Commission.

APPENDIX A

(1) WGL shall be authorized to issue up to issue up to $600 million of Long-Term Securities for the period beginning January 1, 2020, and ending December 31, 2022, under the terms and conditions and for the purposes stated in the application.

(2) WGL shall be authorized to issue Short-Term Securities in excess of twelve percent of total capitalization, provided that such indebtedness does not exceed an aggregate outstanding balance of $550 million for the period beginning January 1, 2020, and ending December 31, 2022, under the terms and conditions and for the purposes stated in the application.

(3) WGL shall be authorized to enter into interest rate hedging transactions, from the date of the Commission's Order through the period ending December 31, 2022, under the terms and conditions and for the purposes stated in the application.

(4) WGL shall file a preliminary report of action within ten days after the issuance of any long-term debt securities pursuant to this case, with such report to include the type of security, the date of issuance, the amount of issuance, the applicable interest rate, the maturity date, and the proceeds to WGL.

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[1] Code § 56-55 *et seq.*

(5) WGL shall file a more detailed report of action within 60 days of the end of any calendar quarter through September 30, 2022, in which long-term debt securities are issued pursuant to this case. Such report shall reflect the cumulative information from preliminary reports filed during the quarter, along with an itemized list of actual expenses incurred to date for the reported debt issued, a statement of how proceeds for each issuance were used, a detailed description of closing of any hedging activity (gains or losses) associated with each issue of debt.

(6) WGL shall file a report of action on or before February 15 of 2021 and 2022, concerning WGL's daily short-term debt activity for the preceding calendar year. Such reports shall include the type, amount issuance date, maturity, and interest rate on each form of borrowing, the average daily balance, and the maximum outstanding balance for each month, and any associated fees incurred for short-term debt borrowings for each month.

(7) WGL shall file a final report of action on or before March 1, 2023. Such report shall include the information indicated in Item 5 for the quarter ending December 31, 2022, along with a detailed summary of actual expenses incurred to date for all long-term issued pursuant to this case. The final report shall also include the information indicated in Item 6 for short-term debt activity during the calendar year ending December 31, 2022.

(8) The approval granted in this case shall have no accounting or ratemaking implications.

CASE NO. PUR-2019-00141
SEPTEMBER 20, 2019

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 August 29, 2019, Virginia Electric and Power Company ("Company") filed with the State Corporation Commission ("Commission") the Company's 2019 Update to the 2018 Integrated Resource Plan ("IRP") pursuant to Code § 56-599 and the Commission's Integrated Resource Planning Guidelines issued on December 23, 2008, 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."

NOW THE COMMISSION, upon consideration of the Company's filing herein as well as the applicable law and the Guidelines, is of the opinion and finds that the Company's 2019 Update to the 2018 IRP is legally sufficient under the Guidelines and should be accepted for filing. Such acceptance, however, does not "express approval in this Final Order of the magnitude or specifics of Dominion's future spending plans, the costs of which will significantly impact millions of residential and business customers in the monthly bills they must pay for power."[2]

Accordingly, IT IS ORDERED THAT:

(1) The Company's 2019 Update to the 2018 IRP is accepted for filing.

(2) This case is dismissed.

[1] *See Commonwealth of Virginia, ex rel. State Corporation Commission, 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. Rep. 606, Order Establishing Guidelines for Developing Integrated Resource Plans (Dec. 23, 2008).

[2] *Commonwealth of Virginia, ex rel. State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUR-2018-00065, Doc. Con. Cen. No. 190640049, Final Order at 4 (June 27, 2019).

CASE NO. PUR-2019-00142
NOVEMBER 26, 2019

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For Approval of the SAVE Rider for Calendar Year 2020

ORDER APPROVING SAVE RIDER

On September 3, 2019, pursuant to § 56-604 E of the Code of Virginia ("Code"), a provision of the Steps to Advance Virginia's Energy (SAVE) Plan Act,[1] Washington Gas Light Company ("WGL" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of the annual adjustment to its SAVE Rider for Calendar Year 2020 ("2020 SAVE Rider").[2]

The Company's SAVE Plan is designed to facilitate the accelerated replacement of SAVE-eligible natural gas infrastructure.[3] The 2020 SAVE Rider is designed to recover eligible infrastructure replacement costs associated with the SAVE Plan.[4] WGL states that the calculation of the revenue requirement and rates associated with the 2020 SAVE Rider consist of two components: the Current Factor and the Reconciliation Factor, which the Commission approved in its 2017 SAVE Order.[5] According to the Company, the Current Factor is based on SAVE Plan program expenditures projected for 2020 approved in Case No. PUR-2017-00102 and the Reconciliation Factor is computed in accordance with Code § 56-604 E for the twelve-month period ended April 30, 2019.[6]

WGL projects for calendar year 2020 approximately $103,165,000 of SAVE Plan distribution replacement expenditures and approximately $28,605,000 of SAVE Plan transmission replacement expenditures.[7] WGL further states that the total proposed expenditures do not exceed the 125% of the investment amount approved for calendar year 2020 in Case No. PUR-2017-00102.[8] The Company states that, based on its projected SAVE Plan expenditures from January 1, 2020, to December 31, 2020, the SAVE Rider Current Factor will be approximately $14,204,033.[9] An additional ($140,081) from the SAVE Rider Reconciliation Factor reduces the overall 2020 SAVE Factor revenue requirement to $14,063,952.[10]

WGL states that the Reconciliation Factor component of the 2020 SAVE Rider compares actual costs incurred and recovered over the period from May 1, 2018, to April 30, 2019, and that the Company expects an under-collection from the Residential customer class and an over-collection from the Commercial and Industrial, Group Metered Apartments, and Interruptible customer classes.[11] To correct these over/under collections as well as provide funding for the 2020 SAVE Rider revenue requirement, WGL seeks approval to apply its combined 2020 SAVE Rider rates to meter readings beginning on the first day of the January 2020 billing cycle, as a separate line item labeled "All Applicable Riders."[12] For the typical residential customer, the per therm 2020 SAVE Rider rate will be $0.0277,[13] or $1.75 per month (based on residential customer usage of 756 therms of gas annually).[14]

On September 18, 2019, the Commission issued an Order for Notice and Comment that, among other things, required the Company to publish notice of its Application; provided interested persons an opportunity to file comments, participate as a respondent, or request a hearing; required the Staff of the Commission ("Staff") to investigate the Application and file a report ("Staff Report" or "Report") containing its findings and recommendations; and permitted the Company to file a response to the Staff Report ("Response").

On October 23, 2019, the Company filed its proof of notice. No comments, notices of participation, or requests for hearing were filed.

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[1] Code § 56-603 *et seq.*

[2] The Company's 2020 SAVE Rider is reconciled and adjusted under its Commission-approved SAVE plan ("SAVE Plan"), as amended in Case No. PUR-2017-00102. *See Application of Washington Gas Light Company, For approval to amend its SAVE Plan pursuant to § 56-604 B of the Code of Virginia*, Case No. PUR-2017-00102, 2017 S.C.C. Ann. Rept. 546, Order (Nov. 21, 2012) ("2017 SAVE Order").

[3] Application at 3-5.

[4] Application at 6-7.

[5] *Id.* at 1.

[6] Application at 1, 6.

[7] *Id*. at 7.

[8] *Id*. at 8.

[9] *Id*. at 8 and Appendix A – Items 4-6, Schedule 1.

[10] Application at Appendix A – Items 4-6, Schedule 1.

[11] *Id*. at 9.

[12] *Id.* at 10.

[13] *Id*.

[14] *Id*. at 1-2.

On November 13, 2019, the Staff filed its Report. In its Report, Staff recommended that the Commission approve a 2020 SAVE Rider for WGL, effective January 1, 2020, based on a Reconciliation Factor revenue requirement of ($370,920) and a Current Factor revenue requirement of $14,201,864, for a total 2020 SAVE revenue requirement of $13,830,944.[15] Staff proposed limiting the Company's Current Factor in this case to 100% of its Commission-approved spend for 2020, rather than allowing the 120% that WGL has budgeted to spend.[16] While Staff does not regard the company's budgeted spend as a violation of the 2017 SAVE Order, as WGL is authorized an annual spending variance of 25% and a total spending variance of 5%, Staff expressed concerns that the Commission-authorized variance is being misused in this case.[17] Staff also proposed limiting future SAVE plans to less than five years, which it states would mitigate the need for variances and reduce the difficulties with projecting costs and activities several years out.[18]

Staff indicated that it does not oppose the Company's proposed revenue apportionment and rate design methodology.[19] In its Report, Staff provided corrected rates based on errors in the originally filed Reconciliation Factor revenue requirement and based on both approved and proposed allocation factors.[20] Staff stated that it supports WGL's using the corrected rates, limited by the rates publicly noticed in this case.[21] Finally, Staff noted that should the Commission approve a revenue requirement that differs from the Company's requested revenue requirement, Staff recommends that the currently proposed allocation factors remain in place.[22]

On November 20, 2019, WGL filed its Comments on the Staff's Report ("Comments"). The Company stated that it does not object to Staff's recommended revenue requirement and agrees with Staff's recommended revenue requirement allocation for the Current and Reconciliation Factors.[23] WGL opposed, however, Staff's proposal to consider eliminating the 25% annual spending variance.[24] The Company asserted that, among other things, Staff's understanding of a need for a variance does not accurately represent the Commission's holdings with respect to the approved variance amounts.[25] WGL requested that the Commission issue an order authorizing the Company to implement a SAVE Rider for 2020 consisting of a revenue requirement of $13,830,944, comprising a Current Factor of $14,201,864 and a Reconciliation Factor of ($370,920), effective from January 1, 2020, to December 1, 2020.[26]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's 2020 SAVE Rider should be approved as set forth herein. Consistent with our prior approval, the Company's annual variance remains in effect, as it permits reasonable flexibility in the implementation of Commission-approved infrastructure replacement projects, while providing reasonable limits on rate fluctuations.[27]

Accordingly, IT IS ORDERED THAT:

(1) The Company's 2020 SAVE Rider revenue requirement of $13,830,944, comprising a Current Factor of $14,201,864 and a Reconciliation Factor of ($370,920) is hereby approved. Rates consistent with this Order shall become effective on the first day of the Company's January 2020 billing cycle and remain in effect through December 31, 2020.

(2) WGL shall forthwith file with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance revised tariffs for the 2020 SAVE Rider, with workpapers supporting the total revenue requirement and rates, all of which shall reflect the findings and requirements set forth in this Order. The Clerk shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(3) This matter is dismissed.

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[15] Staff Report at 16.

[16] *Id.* at 10-11, 16. Staff indicated that its proposed limitation would lower the Current Factor revenue requirement to $13,269,510, which is $932,352 less than its primary recommendation. *Id.* at 11.

[17] *Id.* at 10-11. Staff views the annual variance as a buffer for any extraordinary spending that may occur in a given year, such as uncontrollable cost increases or weather variations, rather than as a guarantee for the Company to recover this variance from ratepayers. *Id.* at 11.

[18] *Id.* at 11, 16.

[19] *Id.* at 15.

[20] *Id*. at 14.

[21] *Id.* at 15.

[22] *Id.* at 15, 16.

[23] Comments at 1.

[24] *Id.* at 2.

[25] *Id.* at 2-3, 4-6.

[26] *Id.* at 7.

[27] *See Application of Washington Gas Light Company, For approval of a SAVE plan and rider as provided by Va. Code § 56-604*, Case No. PUE 2010-00087, 2011 S.C.C. Ann. Rept. 345, 349, Order Approving SAVE Plan and Rider (Apr. 21, 2011).

CASE NO. PUR-2019-00143
NOVEMBER 25, 2019

APPLICATION OF
COLUMBIA GAS OF VIRGINIA, INC.

For approval of Service Agreement between Columbia Gas of Virginia, Inc., and NiSource Corporate Services Company

ORDER GRANTING APPROVAL

On September 3, 2019, Columbia Gas of Virginia, Inc. ("CVA" or "Applicant"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting approval for a service agreement ("NCSC Agreement") between CVA and NiSource Corporate Service Company ("NCSC") pursuant to Chapter 4[1] of Title 56 of the Code of Virginia ("Code").[2] Under the proposed NCSC Agreement, NCSC will provide 26 categories of centralized services ("Services")[3] to CVA. The Applicant represents that NCSC maintains an organization of specialists experienced in the administration and operation of public utilities and related businesses, and that the rendition of such Services on a centralized basis allows CVA to realize substantial economic and other benefits through: (1) the efficient use of personnel and equipment; (2) the coordination of analysis and planning; and (3) the availability of specialized personnel and equipment, which CVA cannot economically maintain on an individual basis.

CVA represents that the proposed NCSC Agreement, including its terms and conditions, is substantively unchanged from the prior NCSC Agreement approved in Case No. PUE-2014-00064.[4] NCSC will provide the Services to CVA at cost, and CVA provided a market study report prepared by Baryenbruch & Company, LLC, to support its assertion that NCSC's Service costs are less than market in compliance with the Commission's lower-of-cost or market pricing policy.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through Staff's action brief and having considered the Applicant's comments thereon, is of the opinion and finds that the proposed NCSC Agreement is in the public interest and is approved subject to certain requirements listed in the Appendix attached to this Order.[5]

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77, the NCSC Agreement is approved subject to the requirements listed in the Appendix attached to this Order.

(2) This case is dismissed.

APPENDIX

1) Pursuant to the NCSC Agreement, CVA shall provide a formal acknowledgement that the Commission regulates recovery of any costs that pass from the Service Affiliates[6] through NCSC to CVA ("Pass-Through Costs"), and therefore must be able to determine the amount of such costs that are includible in CVA's cost of service.

2) For all Pass-Through Costs that pass from the Service Affiliates through NCSC to CVA, NCSC shall obtain and maintain original cost records (invoices, etc.) of the costs and provide CVA with a detailed annual report ("Report") that details the costs by: Service Affiliate, month, service category, FERC[7] account, and amount as the costs are recorded in CVA's books and shall be in Excel electronic media format, with formulas attached, so that Staff can tabulate and sort the data for analysis in future rate proceedings. The Report shall cover the January 1-December 31 calendar year and be submitted with CVA's Annual Report of Affiliate Transactions ("ARAT") to the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director") each year.

3) <u>Other CVA ARAT changes:</u>

a) Exhibit J-1B (NCSC total allocated charges to NiSource affiliates by service category) shall be deleted;

b) Exhibit J-2 (NCSC total charges to NiSource affiliates by FERC account) shall be streamlined to show only: (1) NCSC total contract billings by FERC account, and (2) NCSC total contract billings by NiSource affiliate;

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[1] § 56-76 *et seq*. ("Affiliates Act").

[2] CVA and NCSC are affiliates pursuant to the Affiliates Act because they share the same senior parent company, NiSource, Inc. ("NiSource").

[3] The 26 Services are listed in Article 2 of Appendix A to the NCSC Agreement, which is included as Exhibit B to the Application. CVA acknowledges in Footnote 5 of the Application that the Commission disallows the use of the "Miscellaneous Services" category in the NCSC Agreement, and that CVA must file a separate application for approval when it seeks to add a new service.

[4] *Application of Columbia Gas of Virginia, Inc., For approval of a service agreement between Columbia Gas of Virginia, Inc., and NiSource Corporate Services Company*, Case No. PUE-2014-00064, 2014 S.C.C. Ann. Rpt. 460, Order Granting Approval (Aug. 27, 2014).

[5] The Applicant satisfied Appendix requirement No. 1 in its comments to Staff's Action Brief.

[6] Service Affiliates are NiSource affiliated companies that provide services to NCSC whose costs are passed from the Service Affiliates through NCSC to CVA via the NCSC service bill.

[7] Federal Energy Regulatory Commission.

c) Exhibit J-3 (NCSC total charges billed to CVA by CVA FERC account) shall show NCSC contract billings to CVA by month;

d) Exhibit M (FERC Form No. 60 for NiSource Corporate Services Company) shall be replaced by an Internet link to the FERC report; and

e) The ARAT shall be submitted to the UAF Director in electronic media format.

4) The Commission's approval of the NCSC Agreement shall extend from January 1, 2020, through December 31, 2024. If CVA wishes to extend the NCSC Agreement beyond that date, separate approval shall be required.

5) The Commission's approval shall have no accounting or ratemaking implications.

6) The Commission's approval shall be limited to the specific Services identified and described in the NCSC Agreement. The Miscellaneous Services service category shall be disallowed. If CVA wishes to receive Services not specifically identified and described in the NCSC Agreement, separate approval shall be required.

7) Separate Commission approval shall be required for CVA to receive Services from affiliated third parties (other than NCSC) under the NCSC Agreement.

8) CVA shall be required to maintain records demonstrating that the Services costs charged to CVA are cost beneficial to Virginia ratepayers. For all Services costs charged to CVA where a market may exist, CVA shall investigate whether comparable market prices are available, and if they exist, CVA shall compare the market price to cost and pay the lower of cost or market to NCSC. Records of such investigations and comparisons shall be available to Staff upon request. CVA shall bear the burden of proving, in any rate proceeding, that all NCSC Services costs charged to CVA are priced at the lower of cost or market where a market for such Services exists.

9) The approval granted in this case shall not preclude the Commission from exercising its authority under Va. Code § 56-76 *et seq*. hereafter.

10) Separate Commission approval shall be required for any changes in the terms and conditions of the NCSC Agreement.

11) The Commission shall reserve the right to examine the books and records of CVA and any affiliate in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

12) CVA shall file an executed copy of the approved NCSC Agreement within 30 days after the effective date of the Order Granting Approval in this case, subject to administrative extension by the UAF Director.

13) CVA shall include all transactions associated with the NCSC Agreement in its ARAT submitted to the UAF Director on May 1 of each year, subject to administrative extension by the UAF Director. The ARAT shall retain its current schedules except as modified by Requirement No. 3 above.

CASE NO. PUR-2019-00150
NOVEMBER 14, 2019

APPLICATION OF
SILVER DISTRICT COMMUNICATIONS L.L.C.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia

FINAL ORDER

On September 10, 2019, SILVER DISTRICT COMMUNICATIONS L.L.C. ("SILVER DISTRICT" or "Company"), filed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("Certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia ("Application"). The Company also requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code"). SILVER DISTRICT also filed a Motion for a Protective Order ("Motion") in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.[1]

On September 27, 2019, the Commission issued an Order for Notice and Comment ("Scheduling Order") that, among other things, directed SILVER DISTRICT to provide notice to the public of its Application, and directed the Staff of the Commission ("Staff") to conduct an investigation and file a report ("Staff Report"). On October 10, 2019, SILVER DISTRICT filed proof of service and proof of notice in accordance with the Scheduling Order.

On November 7, 2019, Staff filed its Staff Report concluding that the Company's Application is in compliance with the Rules Governing the Certification and Regulation of Competitive Local Exchange Carriers ("Local Rules"), 20 VAC 5-417-10 *et seq*., and the Rules Governing the Certification of Interexchange Carriers ("Interexchange Rules"), 20 VAC 5-411-10 *et seq*. Based upon its review of the Company's Application, Staff determined that it would be appropriate to grant Certificates to SILVER DISTRICT subject to the following condition: SILVER DISTRICT should notify the Division of Public Utility Regulation no less than 30 days prior to the cancellation or lapse of its bond and should provide a replacement bond at that time. Staff recommended that this requirement be maintained until the Commission determines it is no longer necessary.

On November 8, 2019, SILVER DISTRICT filed a letter stating that the Company waives the opportunity to file a response to the Staff Report; supports the Staff's findings in the Staff Report; and requests that the Commission grant the relief requested in its Application.

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[1] 5 VAC 5-20-10 *et seq*.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that it should grant Certificates to SILVER DISTRICT. Having considered Code § 56-481.1, the Commission finds that SILVER DISTRICT may price its interexchange services competitively. Further, the Commission finds that the Company's Motion is no longer necessary; therefore, the Motion should be denied.[2]

Accordingly, IT IS ORDERED THAT:

(1) SILVER DISTRICT is hereby granted Certificate No. T-766 to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, Code § 56-265.4:4, and the provisions of this Final Order.

(2) SILVER DISTRICT is hereby granted Certificate No. TT-306A to provide interexchange telecommunications services subject to the provisions of the Interexchange Rules, Code § 56-265.4:4, and the provisions of this Final Order.

(3) Pursuant to Code § 56-481.1, SILVER DISTRICT may price its interexchange telecommunications services competitively.

(4) Prior to providing telecommunications services pursuant to the Certificates granted by this Final Order, the Company shall provide tariffs to the Division of Public Utility Regulation that conform to all applicable Commission rules and regulations. If SILVER DISTRICT elects to provide retail services on a non-tariffed basis, it shall provide written notification pursuant to Local Rule 20 VAC 5-417-50 A.

(5) SILVER DISTRICT shall notify the Division of Public Utility Regulation no less than thirty (30) days prior to the cancellation or lapse of its bond and shall provide a replacement bond at that time. This requirement shall be maintained until such time as the Commission determines it is no longer necessary.

(6) The Company's Motion is denied; however, the Commission directs the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

(7) This case is dismissed.

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[2] The Commission has not received a request to review the information that the Company designated confidential. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information to which the Motion pertains under seal.

CASE NO. PUR-2019-00151
OCTOBER 1, 2019

APPLICATION OF
A&N ELECTRIC COOPERATIVE

For authority pursuant to Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On September 11, 2019, A&N Electric Cooperative ("ANEC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3 of Title 56 of the Code of Virginia ("Code")[1] for approval of a loan. ANEC has paid the requisite filing fee of $250.

ANEC is seeking authority to borrow up to $54.453 million in debt from the Federal Financing Bank ("FFB"). The Cooperative states that the loan will be used to fund its five-year work plan. The Application states that the term of the loan will be no more than 35 years and the interest rates on loan borrowings will be determined at the time of each advance.

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) ANEC is authorized to borrow up to $54.453 million from the FFB, in the manner, under the terms and conditions, and for the purposes set forth in the Application.

(2) Within thirty (30) days of the date of any advance of funds from FFB, ANEC shall file with the Commission's Division of Utility Accounting and Finance a Report of Action, which shall include the amount of the advance and the interest rate.

(3) The authority granted herein shall have no accounting or ratemaking implications.

(4) This case is dismissed.

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[1] Code. § 56-55 *et seq.*

CASE NO. PUR-2019-00155
DECEMBER 12, 2019

APPLICATION OF
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY

For expedited approval of an amendment to a special rate contract pursuant to Virginia Code § 56-235.2

ORDER GRANTING APPROVAL

On September 20, 2019, Appalachian Natural Gas Distribution Company ("ANGD" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to § 56-235.2 of the Code of Virginia ("Code") and the Commission's Rules for Filing an Application to Provide Electric and Gas Service Under a Special Rate, Contract or Incentive.[1] Through this Application, the Company requests expedited approval of an amendment to its previously approved Remediation, Operation, and Transportation Agreement ("Transport Agreement"), which established a special rate applicable to transportation service for Buchanan Mining, LLC ("Buchanan") in connection with Buchanan's metallurgical coal mining operations in Buchanan County, Virginia.[2] Along with its Application, ANGD filed a Motion for Entry of a Protective Ruling.

In Case No. PUR-2017-00041, the Commission approved the Transport Agreement.[3] Under the authority granted in that case, ANGD engaged in the engineering, design, and remediation of two pipeline facilities used to provide natural gas service to Buchanan.[4] Since that time, in response to a supply issue, Buchanan has renegotiated its supply arrangements and the related natural gas delivery point, requiring an extension of the existing pipeline facilities.[5]

Through its Application, ANGD seeks expedited approval of a First Amendment to the Transport Agreement ("Amendment").[6] ANGD represents that the proposed Amendment is in conjunction with its plan to extend the existing pipelines by approximately 5,000 feet and to install, maintain, and operate a new interconnect and receipt point with the high-pressure pipeline facilities of Cardinal States Gathering Company ("Cardinal") in Buchanan County.[7] According to the Application, ANGD and Buchanan have agreed to increase the special rate in the Transport Agreement, recognizing the expanded operating and maintenance requirements attributable to these additional pipeline facilities.[8]

The Company represents that the increase of the existing special rate associated with service to Buchanan is the only material change to the Transport Agreement. Additionally, the Company states that all other revisions seen in the Amendment simply conform the Transport Agreement to include the new pipeline facilities, regulator station, and receipt point with Cardinal.[9]

On October 8, 2019, the Commission issued an Order for Notice and Comment that, among other things, required the Company to mail notice of its Application; provided interested persons an opportunity to file comments, participate as a respondent, or request a hearing; required the Staff of the Commission ("Staff") to investigate the Application and allowed Staff to file a report ("Staff Report" or "Report") containing its findings and recommendations; and permitted the Company to file a response to the Staff Report.

On November 15, 2019, the Company filed its proof of notice. No comments, notices of participation, or requests for hearing were filed.

On November 22, 2019, Staff filed its Report. In its Report, Staff recommends that the Commission approve the Company's proposed Amendment.[10] Staff believes that the proposed Amendment will not unreasonably prejudice or disadvantage any customer or customer class because the costs associated with providing service to Buchanan will not be allowed or assigned to any other customer or customer class.[11] Staff also believes that approval of the proposed Amendment will not jeopardize the continuation of reliable gas service by ANGD to its other customers because the Company is providing service to Buchanan from a delivery point on Cardinal's high-pressure pipeline.[12]

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[1] 20 VAC 5-310-10 *et seq.*

[2] Application at 1.

[3] *Id.* at 2; *Application of Appalachian Natural Gas Distribution Company, For approval of a transfer of assets pursuant to Code § 56-88 et seq., and for approval of a special rate and contract pursuant to Code § 56-235.2*, Case No. PUR-2017-00041, 2017 S.C.C. Ann. Rept. 480, Order Granting Approval (Aug. 25, 2017).

[4] Application at 1-2.

[5] Direct Testimony of John W. Ebert at 3.

[6] Application at 2.

[7] *Id.*

[8] *Id.*

[9] *Id.* at 2-3.

[10] Staff Report at 5.

[11] *Id*. at 4.

[12] *Id*. at 5.

Staff recommends that the Company continue to employ separate project codes or subaccounts to separate all expenses, including any income tax effects and capital expenditures, related to Buchanan. Staff further recommends that any future capital additions attributable to Buchanan and recognized as plant in service on ANGD's books should be depreciated over a five-year life. Finally, Staff recommends that the Company provide to the Commission's Division of Utility Accounting and Finance, within 30 days of its in-service date, journal entries reflecting the actual costs of the new pipeline extension and interconnection facilities.[13]

On December 2, 2019, the Company filed a letter stating that it does not oppose Staff's comments and will follow Staff's recommendations in connection with approval of the Amendment. ANGD thus urged the Commission to approve its Application.

NOW THE COMMISSION, upon review and consideration of this matter, is of the opinion and finds that the Company's proposed Amendment protects the public interest, will not unreasonably prejudice or disadvantage any customer or class of customers, and will not jeopardize the continuation of reliable gas service, as required by Code § 56-235.2. Accordingly, we find that ANGD's Application should be granted, subject to Staff's recommendations, as set forth herein.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application is granted subject to the recommendations of Staff as set forth herein.

(2) This case is dismissed.

[13] *Id*.

CASE NO. PUR-2019-00164
NOVEMBER 25, 2019

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY and DOMINION ENERGY SOUTH CAROLINA, INC.

For exemption from approval of, or alternatively, for approval of participation in RESTORE under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING EXEMPTION

On October 4, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV") and Dominion Energy South Carolina, Inc. ("DESC") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") requesting an exemption ("Exemption") from approval of, or alternatively for approval of, participation in the Regional Equipment Sharing for Transmission Outage Restoration ("RESTORE") Agreement under Chapter 4[1] of Title 56 of the Code of Virginia ("Code").

The RESTORE program ("RESTORE Program") was created to respond to the Department of Energy's ("DOE") "Strategic Transformer Reserve" Report to Congress in March 2017, in which the DOE assessed threats and risks to the U.S. electric grid's stability and recommended "encouraging and supporting an industry-based option driven by voluntary industry actions and North American Electric Reliability Corporation's Standard CIP-014-2 requirements." On December 13, 2017, the initial RESTORE participants filed a joint application with the Federal Energy Regulatory Commission ("FERC") for pre-authorization of RESTORE Agreement transactions under Section 203(a)(1)(a) and 203(a)(1)(b) of the Federal Power Act, and on April 13, 2018, the FERC issued an Order approving the agreement. Utilities that join the RESTORE Agreement subsequent to the FERC Order must submit an informational filing notifying the FERC of their participation.

The RESTORE Program complements similar programs, including the Edison Electric Institute's Spare Transformer Equipment Program ("EEI Program") and the Grid Assurance Program initiated by Grid Assurance, LLC, which are intended to facilitate the reestablishment of regional electric grids following disasters through prearranged plans for quick transfers of critical grid parts and equipment. However, each program is structured differently. For example, the Grid Assurance Program utilizes a separate standalone entity to procure, store, and maintain the grid equipment. The RESTORE Program's participants nominate spare transformers ("Qualifying Equipment") to be available to others in the event of an emergency. The EEI Program is only triggered by a presidential declared state of emergency. The RESTORE Program allows transfers to be triggered by a wider range of catastrophic events ("Triggering Event(s)")[2] that do not rise to the level of a presidential declared state of emergency.

If the Applicants share or receive Qualifying Equipment with RESTORE participants under the RESTORE Agreement, the equipment transfer price will be the sum of: (i) the replacement equipment purchase price; (ii) the delivery transportation costs; and (iii) any other direct acquisition costs and out-of-pocket costs.

[1] Code § 56-76 *et seq*. ("Affiliates Act").

[2] Such events could include major storms and weather events.

DEV represents that it seeks RESTORE membership in order to have access to a wider pool of assets in case of a Triggering Event.[3] DEV represents that it only seeks to become a member under the RESTORE Program in order to bilaterally transfer Qualifying Equipment with *non-affiliated* RESTORE participants following a Triggering Event.[4] DEV represents that it will not use the RESTORE Program, or the Exemption sought in this case, to exchange assets or make affiliate transfers with DESC.[5] If DEV and DESC should wish to exchange assets in the future, DEV represents that it will seek separate Commission approval under the Affiliates Act.[6] DEV represents that it filed the instant Application because DESC was already a RESTORE participant and, even though no transactions between the Applicants were contemplated, DEV considered the filing necessary to comply with the statutory requirements of the Affiliates Act.[7]

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff through Staff's action brief and having considered the Applicants' comments thereon, is of the opinion and finds that the proposed Exemption is granted for the term of DEV's participation in the RESTORE program. A major purpose of the Affiliates Act is to provide Commission scrutiny over transactions between contracting parties that "do not deal at arms-length" and for whom "there exists the opportunity for double profit at the ratepayers' expense."[8] Neither situation applies here, as DEV will conduct transactions only with non-affiliated third parties under a FERC-approved emergency response program.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-77 B, the Exemption is granted for the term of DEV's participation in the RESTORE program.

(2) This case is dismissed.

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[3] See Applicants' Response to Staff Data Request No. 1-4(a), attached to Staff's action brief filed contemporaneous with this Order.

[4] *Id.*

[5] *Id.*

[6] See Applicants' Response to Staff Data Request No. 1-4(b), attached to Staff's action brief filed contemporaneous with this Order.

[7] See Applicants' Response to Staff Data Request No. 1-4(c), attached to Staff's action brief filed contemporaneous with this Order.

[8] *Commonwealth Gas Services, Inc. v. Reynolds Metals Co*., 236 VA. 362, 367, 374 S.E.2d 35,38 (1988).

CASE NO. PUR-2019-00165
DECEMBER 20, 2019

APPLICATION OF
NATIONAL UTILITIES REFUND, LLC

For a license to do business as an electricity and natural gas aggregator

ORDER GRANTING LICENSE

On October 7, 2019, National Utilities Refund, LLC ("National Utilities" or "Company") filed an application with the State Corporation Commission ("Commission") for a license to do business as an electricity and natural gas aggregator in the Commonwealth of Virginia ("Application"). The Company seeks authority to market aggregation services to eligible commercial, industrial, and governmental customers in the service territories in Virginia that are open to retail choice competition.[1] National Utilities attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").[2]

On November 5, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order") that, in part, directed the Company to serve a copy of the Procedural Order upon the appropriate utilities, provided an opportunity for interested persons to file written comments on the Application, and directed the Commission's Staff ("Staff") to analyze the Application and present its findings in a report ("Report" or "Staff Report").

On November 13, 2019, National Utilities filed proof of service. On December 2, 2019, DEV and Kentucky Utilities Company d/b/a Old Dominion Power Company filed comments on the Application.

The Staff filed its Report on December 9, 2019, concerning the Company's fitness to conduct business as an electricity and natural gas aggregator. In its Report, the Staff summarized National Utilities' proposal and evaluated its financial condition and technical fitness. Based on its review of the application, Staff recommended that National Utilities be granted a license to conduct business as an electricity and natural gas aggregator. The Commission received no responses to the Staff Report.

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[1] Retail choice for natural gas service only exists in the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s. Retail choice for electricity exists only in the service territories of Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV"), Appalachian Power Company, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameter, and renewable energy sources as set forth in the Code of Virginia.

[2] 20 VAC 5-312-10 *et seq*.

NOW THE COMMISSION, upon consideration of the Application, the Staff Report, and applicable law, finds that National Utilities should be granted a license to conduct business as an aggregator of electricity and natural gas to commercial, industrial, and governmental customers throughout the service territories open to competition in Virginia, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) National Utilities is hereby granted license No. A-79 to provide competitive aggregation service for electricity and natural gas to commercial, industrial, and governmental customers throughout the service territories open to competition in Virginia. This license to act as an aggregator is granted subject to the provisions of the Retail Access Rules, this Order, and other applicable statutes.

(2) This license is not valid authority for the provision of any product or service not identified within the license itself.

(3) This case shall remain open for consideration of any subsequent amendments or modifications to this license.

CASE NO. PUR-2019-00167
DECEMBER 6, 2019

JOINT PETITION OF
SHENTEL COMMUNICATIONS, LLC and SHENANDOAH CABLE TELEVISION, LLC

For approval of an acquisition of control pursuant to the Utility Transfers Act, Code § 56-88 *et seq.*

ORDER GRANTING APPROVAL

On October 8, 2019, Shentel Communications, LLC ("Shentel") and Shenandoah Cable Television, LLC ("SCT") (collectively, "Petitioners") filed a joint petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act, Chapter 5 of Title 56 of the Code of Virginia ("Code"),[1] requesting approval of the intra-company merger of Shentel and SCT ("Merger"). Specifically, Shentel will merge with and into SCT, with SCT surviving and operating under the name "Shenandoah Cable Television, LLC d/b/a Shentel Communications."

Shentel is authorized to provide local exchange telecommunications services in Virginia pursuant to its certificate of public convenience and necessity ("Certificate") issued by the Commission in Case No. PUC-2012-00070.[2] SCT currently has an application pending with the Commission for Certificates to provide local exchange and interexchange telecommunications services in Virginia in Case No. PUR-2019-00166.[3] The Petitioners represent that upon completion of the proposed Merger and the issuance of the requested Certificates in the pending Certificate Case, SCT will become the service provider for those customers currently receiving services from Shentel.

The Petitioners assert that the merger of Shentel and SCT will be strictly intra-company in nature, and neither the direct ownership nor the ultimate ownership of the merged company will change in any way. The Petitioners further state that SCT will serve customers in Virginia under the "Shentel Communications" name, and that no change to the rates, terms or conditions of service as currently provided by Shentel will occur. Lastly, the Petition indicates that because the proposed Merger is an intra-company restructuring of affiliated subsidiaries, SCT will have the financial, managerial, and technical resources to provide telecommunications services in Virginia following the proposed Merger's completion.

NOW THE COMMISSION, upon consideration of this matter and having been advised by the Commission Staff, is of the opinion and finds that the proposed Merger should be approved, subject to SCT receiving the requested Certificates in Case No. PUR-2019-00166. Upon satisfaction of this condition, no further action is required by the Commission for approval of the proposed Merger.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-88.1 and 56-90, the Petitioners hereby are granted approval of the proposed Merger as described herein, subject to SCT receiving the requested Certificates in Case No. PUR-2019-00166. Upon satisfaction of this condition, no further action is required by the Commission for approval of the proposed Merger.

(2) Once SCT has received the requested Certificates and the proposed Merger has taken place, the Petitioners shall file a report of action with the Commission's Document Control Center within thirty (30) days after closing of the Merger, which shall note the date the Merger occurred.

(3) This case is dismissed.

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[1] Code § 56-88 *et seq*.

[2] *See Application of ShenTel Communications Company, For reissuance of a certificate of public convenience and necessity to provide local exchange telecommunications services to reflect company name change,* Case No. PUC-2012-00070, 2012 S.C.C. Ann. Rept. 210, Order Reissuing Certificate (Nov. 6, 2012).

[3] *See Application of Shenandoah Cable Television, LLC, For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia*, Case No. PUR-2019-00166, Doc. Con. Cen. No. 191030089, Order for Notice and Comment (Oct. 25, 2019) ("Certificate Case").

CASE NO. PUR-2019-00174
NOVEMBER 8, 2019

JOINT PETITION OF
VIRGINIA ELECTRIC AND POWER COMPANY and NORTHERN VIRGINIA ELECTRIC COOPERATIVE, INC.

For authority to transfer utility assets to Northern Virginia Electric Cooperative, Inc, pursuant to the Utility Transfers Act, Va. Code §§ 56-88 *et seq*.

ORDER GRANTING APPROVAL

On October 18, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("DEV") and Northern Virginia Electric Cooperative, Inc. ("NOVEC") (collectively, "Petitioners"), filed a joint petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act,[1] seeking approval to transfer a 230 kilovolt ("kV"), 2,000 ampere switch ("Switch") at the Brambleton Switching Station ("Station") from DEV to NOVEC ("Transfer").

DEV and NOVEC are joint owners of the Station, which is located in Brambleton, Virginia. DEV provides a second 230 kV feed to NOVEC's five 230-34.5 kV and 13.2 kV transformers located in NOVEC's part of the Station. Historically, DEV energized NOVEC's part of the Station solely from Bus No. 1, which made it difficult for DEV to arrange outages so that it could perform maintenance on its part of the Station. Therefore, in 2012, DEV acquired the Switch and installed it on Bus No. 2 so that NOVEC's part of the Station could be temporarily served from Bus No. 2 while DEV performed its maintenance work. Bus No. 2 was later reworked so that the Switch was not needed.

Recently, NOVEC installed a new breaker arrangement that provides it with a permanent feed from Bus No. 2 in addition to its existing permanent feed from Bus No. 1. The new breaker arrangement utilizes the Switch, which is also tied to DEV's 230 kV Bus No. 2, creating a complicated operating arrangement. The proposed Transfer of ownership to NOVEC would allow the Switch to revert to a normal operating arrangement and provide a second feed for NOVEC. The Petitioners propose to transfer the Switch at its net book value.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the proposed Transfer will not impair or jeopardize the provision of adequate service at just and reasonable rates and, therefore, is approved subject to the requirements listed below.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code §§ 56-89 and 56-90, the Petitioners hereby are granted approval of the proposed Transfer as described herein.

(2) The Transfer shall have no accounting or ratemaking implications.

(3) Within 30 days of the consummation of the Transfer, the Petitioners shall file a Report of Action ("Report") with the Commission that provides: (1) the date of closing; (2) the actual accounting entries recording the Transfer for each Petitioner; and (3) a photo of the transferred Switch.

(4) This case is dismissed.

APPENDIX

(1) The Commission's approval in this case shall have no accounting or ratemaking implications.

(2) Within sixty (60) days of completing the Proposed Transaction, the Petitioners shall file a Report with the Commission, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance. The Report shall include the following information: (1) the effective date of the Proposed Transaction; (2) an executed copy of the Purchase and Sale Agreement; (3) the actual accounting entries, including any tax-related accounting entries, on the Petitioners' books to record the Proposed Transaction; and (4) a schedule to reconcile any differences between the accounting entries provided in the Petition and the accounting entries actually made at closing to record the Proposed Transaction. The Proposed Transaction accounting entries shall be in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts ("USOA") for electric utilities.

(3) The Petitioners shall be directed to retain a copy of all Proposed Transaction records utilized at closing, including any source documentation supporting the original cost of the Virginia Facilities, and henceforth shall be directed to maintain the plant records in accordance with the USOA.

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[1] Va. Code ("Code") § 56-88 *et seq*.

CASE NO. PUR-2019-00175
DECEMBER 19, 2019

APPLICATION OF
INTEGRATED ENERGY SERVICES, LLC

For a license to do business as an electricity and natural gas aggregator

ORDER GRANTING LICENSE

On October 29, 2019, Integrated Energy Services, LLC ("Integrated Energy" or "Company"), completed an application with the State Corporation Commission ("Commission") for a license to do business as an electricity and natural gas aggregator ("Application").[1] The Company seeks authority to market aggregation services to eligible commercial and industrial customers throughout the Commonwealth of Virginia.[2] Integrated Energy attested that it would abide by all applicable regulations of the Commission as required by 20 VAC 5-312-40 B of the Commission's Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules").[3]

On November 5, 2019, the Commission entered an Order for Notice and Comment ("Procedural Order") that, in part, required the Company to serve a copy of the Procedural Order on the electric and gas utilities identified in Attachment A to the Procedural Order, provided an opportunity for interested persons to file written comments on the Application, and directed the Staff of the Commission ("Staff") to analyze the Application and present its findings in a report ("Report").

On November 12, 2019, the Company certified that it had completed the service required by the Commission's Procedural Order. Kentucky Utilities Company d/b/a Old Dominion Power Company and Virginia Electric and Power Company filed comments on November 26, 2019.

The Staff filed its Report on December 2, 2019, concerning Integrated Energy's fitness to conduct business as an electricity and natural gas aggregator. In its Report, the Staff summarized Integrated Energy's proposal and evaluated its financial condition and technical fitness. Based on its review of the Application, Staff recommended that Integrated Energy be granted a license to conduct business as an electricity and natural gas aggregator for commercial and industrial customers in Virginia service territories open to retail competition.

NOW THE COMMISSION, upon consideration of the Application, the Staff's Report, and applicable law, finds that the Company should be granted a license to conduct business as an aggregator of electricity and gas to commercial and industrial customers throughout the service territories open to competition in Virginia, subject to all conditions in this Order.

Accordingly, IT IS ORDERED THAT:

(1) Integrated Energy is hereby granted license No. A-77 to provide competitive aggregation service of electricity and natural gas 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.

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[1] The Company filed its initial Application on October 11, 2019. Upon filing additional information, the Company's Application was deemed complete as of October 29, 2019.

[2] Retail choice for natural gas service only exists presently in the service territories of Washington Gas Light Company and Columbia Gas of Virginia, Inc. Access to large commercial and industrial gas customers in all gas distribution service territories has existed under Federal Energy Regulatory Commission authority since the mid-1980s. Retail choice for electricity exists only in the service territories of Virginia Electric and Power Company d/b/a Dominion Energy Virginia, Appalachian Power Company, and the electric cooperatives. Moreover, retail choice for electricity is only permitted pursuant to the customer classes, load parameter, and renewable energy sources as set forth in the Code of Virginia.

[3] 20 VAC 5-312-10 *et seq*.

CASE NO. PUR-2019-00177
DECEMBER 12, 2019

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority under Chapter 3 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

On October 15, 2019, Appalachian Power Company ("APCo") filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to Chapter 3[1] of Title 56 of the Code of Virginia ("Code"), seeking authority to issue and sell secured and unsecured promissory notes in the aggregate principal amount of up to $1.3 billion. Additionally, APCo requests authority to utilize and enter into one or more interest rate hedging arrangements to protect against future interest rate movements. Furthermore, APCo requests authority to use interest rate management techniques by entering into various Interest Rate Management Agreements ("IRMAs"). APCo paid the requisite fee of $250.

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[1] Code § 56-55 *et seq.*

APCo proposes to issue and sell secured and unsecured promissory notes ("Notes") up to the aggregate principal amount of $1.3 billion from time to time through December 31, 2021. The Notes may be issued in the form of Senior Notes, Senior or Subordinated Debentures, First Mortgage Bonds, Bank Credit Revolver Loans 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 9 months and not more than 60 years. The interest rates may be fixed or variable. APCo intends to sell the Notes either (i) by competitive bidding; (ii) through negotiation with underwriters or agents; or (iii) by direct placement with a commercial bank or other institutional investor. APCo estimates that the underwriting costs for the Notes will be approximately 1% of the principal amount, or roughly $13 million. In addition, APCo estimates that other costs for the Notes will be approximately $2 million. APCo represents that the proceeds from the sale of the Notes, together with any other funds that may become available to APCo, will be used to redeem directly or indirectly long-term debt, to repay short-term debt at or prior to maturity, to reimburse APCo's treasury for expenditures incurred in connection with its construction program and for other corporate purposes.

APCo requests additional authority to enter into one or more interest rate hedging arrangements to protect against future interest rate movements in connection with the issuance of the Notes. Such hedging arrangements may include, but are not limited to, treasury lock agreements, forward-starting interest rate swaps, treasury put options, or interest rate collar agreements ("Treasury Hedge Agreements"). All Treasury Hedge Agreements will correspond to the underlying amount of one or more of the Notes. Therefore, the cumulative notional amount of the Treasury Hedge Agreements will not exceed the corresponding face amount of the Notes issued.

Finally, APCo requests a continuation of the authority, which has been granted in other Commission Orders,[2] to use interest rate management techniques and enter into IRMAs through December 31, 2021. 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. APCo expects to enter into IRMAs with counterparties that are highly rated financial institutions. IRMAs may be designed to manage interest costs of any outstanding APCo debt; however, APCo's request limits the aggregate notional amount of IRMAs outstanding to 25% of APCo's total debt outstanding, including pollution control revenue bonds.

NOW THE COMMISSION, upon consideration of this matter and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) APCo is hereby granted approval of the authority requested in the Application as described herein subject to the requirements set forth in the Appendix attached to this Order Granting Approval.

(2) This matter shall remain subject to the continued review, audit and appropriate directive of the Commission.

APPENDIX

1. APCo shall be authorized to issue and sell up to an aggregate principal amount of $1.3 billion of Notes from time to time through December 31, 2021, under the terms and conditions, and for the purposes stated in the Application.

2. APCo shall be authorized to enter into Treasury Hedge Agreements through December 31, 2021, for the purposes set forth in the Application, and to the extent that the aggregate notional amount outstanding does not exceed the value of the underlying Notes.

3. APCo shall be authorized to enter into IRMAs through December 31, 2021, for the purposes set forth in the Application, and to the extent that the aggregate notional amount outstanding does not exceed 25% of APCo's total outstanding debt obligations, excluding any securitized debt obligations.

4. APCo shall not enter into any IRMAs or Treasury Hedge Agreement transactions involving counterparties having credit ratings of less than investment grade.

5. The authority granted shall supersede and terminate any remaining authority granted by Commission Order dated November 3, 2017, in Case No. PUR-2017-00118.

6. The reporting requirements in Case No. PUR-2017-00118 shall remain in effect.

7. APCo shall file with the Clerk of the Commission a preliminary report of action within ten (10) days after the issuance of any Notes pursuant to this case, with such report to include the date of issuance, the amount of issuance, the applicable interest rate, the maturity date, and the proceeds to APCo.

8. APCo shall file with the Clerk of the Commission, a preliminary report of action within ten (10) days after it enters into any Treasury Hedge Agreement or IRMA pursuant to the exercise of any authority granted in this case, with such report to include the following:

a. the beginning and, if established, ending dates of the agreement;
b. the notional amount; the underlying securities on which such agreement is based;
c. an explanation of the general terms of the agreement that explains how the payment obligation is determined and when it is payable; and
d. for reports that include IRMAs, a calculation of the cumulation notional amount of all outstanding IRMAs as a percent of APCo's total debt outstanding.

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[2] *Application of Appalachian Power Company, For authority pursuant to issue and sell secured and unsecured promissory notes under Chapter 3 of Title 56*, Case No. PUE-2017-00118, 2017 S.C.C. Ann. Rept. 560, Order Granting Authority (Nov. 3, 2017); *Application of Appalachian Power Company, For authority pursuant to Chapter 3 of Title 56 of the Code of Virginia,* Case No. PUE-2016-00006, 2016 S.C.C. Ann. Rept. 354, Order Granting Authority (April 14, 2016).

9. APCo shall file a more detailed report of action within sixty (60) days after the end of each calendar quarter in which any security is issued pursuant to this case, with a final report due on or before March 2, 2022. Such quarterly report should include a summary of the information from preliminary reports for all securities issued during the quarter pursuant to the exercise of authority granted in this case. The final report should include a cumulative summary of the actions taken during the period authorized and an itemized list of issuance expenses to date associated with each security and how such costs will be booked and treated for accounting purposes.

10. APCo shall submit a report to the Commission's Division of Utility Accounting and Finance if its bond rating should decline below investment grade during the period of authority in this case. Such report should be submitted within thirty (30) days of such a decline in bond rating, and the report should outline any Company plans and actions to restore an investment grade bond rating and how any remaining authority in this case is impacted.

11. The approval granted in this case should have no accounting or ratemaking implications.

CASE NO. PUR-2019-00179
NOVEMBER 19, 2019

APPLICATION OF
GAMEWOOD TELECOM, INC.

For amended and reissued certificates of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change

ORDER REISSUING CERTIFICATES

On October 23, 2019, Gamewood Telecom, Inc. ("Gamewood" or "Company"), filed an application with the State Corporation Commission ("Commission") requesting that the certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia issued to Gamewood[1] be amended to reflect a company name change ("Application"). The Company submitted proof of its name change to RiverStreet Wireless of Virginia, Inc.

NOW THE COMMISSION, upon consideration of the Application and applicable law, is of the opinion and finds that the existing certificates in the name of Gamewood should be cancelled and reissued in the name of RiverStreet Wireless of Virginia, Inc.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUR-2019-00179.

(2) The certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia, Certificate No. T-486, heretofore issued to Gamewood, is hereby cancelled and shall be reissued as Certificate No. T-486a in the name of RiverStreet Wireless of Virginia, Inc.

(3) The certificate of public convenience and necessity to provide interexchange telecommunications services in the Commonwealth of Virginia, Certificate No. TT-93A, heretofore issued to Gamewood, is hereby cancelled and shall be reissued as Certificate No. TT-93B in the name of RiverStreet Wireless of Virginia, Inc.

(4) Any tariffs on file with the Commission's Division of Public Utility Regulation or product guide available online in the name of Gamewood, shall be replaced reflecting the name change within forty-five (45) days of the date of entry of this Order.

(5) This case is dismissed.

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[1] *See Application of Gamewood Telecom, Inc., For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services,* Case No. PUC-1999-00237, 2000 S.C.C. Ann. Rept. 291, Final Order (May 10, 2000).

CASE NO. PUR-2019-00183
DECEMBER 19, 2019

APPLICATION OF
ATMOS ENERGY CORPORATION, ATMOS ENERGY HOLDINGS, INC., ATMOS ENERGY LOUISIANA INDUSTRIAL GAS, LLC, and TRANS LOUISIANA GAS PIPELINE, INC.

For approval to enter into financing arrangements under Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On October 31, 2019, Atmos Energy Corporation ("Atmos") and Atmos Energy Holdings, Inc. ("AEH"), Atmos Energy Louisiana Industrial Gas, LLC (AELIG), and Trans Louisiana Gas Pipeline, Inc. ("TLGP") (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 4[1] of Title 56 of the Code of Virginia ("Code") requesting authority to lend and borrow short-term funds to and from AEH. Specifically, the Application requests authority for Atmos to loan AEH up to $50 million and for AEH to loan Atmos up to $200 million at any one time during 2020 through a short-term debt credit facility ("Affiliate Facility").

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that, subject to the requirements set forth in this Order and the Appendix attached hereto, the authority requested in the Application is in the public interest and should be approved.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code, the Affiliate Facility is authorized subject to the requirements set forth in the Appendix attached hereto.

(2) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

APPENDIX A

1) The Affiliate Facility is authorized for Atmos to borrow up to $200 million from AEH and for Atmos to loan AEH up to $50 million, which can be used to support the Atmos affiliates, AELIG and TLGP, specifically identified herein.

2) Separate Commission approval shall be required for any changes in the terms and conditions of the authorized Affiliate Facility, including any direct or indirect financing provided to or received from Atmos afflliates not specifically identified herein.

3) The authority granted in this case shall have no accounting or ratemaking implications.

4) The authority granted in this case shall not preclude the Commission from exercising its authority under Code § 56-76 *et seq*., hereafter.

5) The Commission reserves the right to examine the books and records of any affiliate, direct or indirect, in connection with the approval granted in this case, whether or not such affiliate is regulated by this Commission.

6) Within 30 days of the effective date of the order in this case, Applicants shall file an executed version of the Affiliate Facility authorized herein and submit to the Director of the Division of Utility Accounting and Finance a copy of the borrowing facility between AEH and AELIG and a copy of the borrowing facility between AEH and TLGP.

7) The Applicants shall file with the Commission quarterly reports of action ("Report(s)") on or before May 15, 2020, August 17, 2020, and January 19, 2021, reporting on all forms of credit support extended during the previous calendar quarter. In the January 19, 2021 Report, the Applicants shall also include a fiscal year balance sheet, income statement and cash flow statement for AEH, AELIG and TLGP. These Reports may be filed together with the reports of action in Case No. PUR-2019-00184.

8) The Applicants shall file with the Commission a final report of action on or before March 1, 2021, reporting on all forms of credit support extended during the previous calendar quarter. This Report may be filed together with the final report of action in Case No. PUR-2019-00184.

9) If the Applicants wish to obtain authority beyond December 31, 2020, they shall file an application for such authority by October 31, 2020.

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[1] Code § 56-76 *et seq.*

CASE NO. PUR-2019-00184
DECEMBER 18, 2019

APPLICATION OF
ATMOS ENERGY CORPORATION

For Authority to Incur Short-Term Indebtedness Pursuant to Title 56, Chapter 3 of the Code of Virginia

ORDER GRANTING AUTHORITY

On October 31, 2019, Atmos Energy Corporation ("Atmos" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission") under Chapter 3[1] of Title 56 of the Code of Virginia ("Code") requesting authority to incur short-term indebtedness of not more than $2.45 billion at any one time during the period January 1, 2020, to December 31, 2020. The requested amount of short-term indebtedness is in excess of 12% of total capitalization as defined in § 56-65.1 of the Code and thus requires prior Commission approval. Atmos paid the requisite fee of $250.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff through Staff's action brief, is of the opinion and finds that, subject to the requirements set forth in the Appendix attached hereto, approval of the authority requested in the Application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) Atmos is authorized to incur short-term indebtedness in excess of 12% of total capitalization subject to the requirements set forth in the Appendix attached hereto.

(2) This matter shall remain under continued review, audit, and appropriate directive of the Commission.

APPENDIX A

(1) Atmos is authorized to incur short-term indebtedness up to the maximum outstanding limit at any one time of $2.45 billion, inclusive of any authorized affiliate borrowings, during the period January 1, 2020, through December 31, 2020, under the terms and conditions and for the purposes set forth in the Application.

(2) Atmos shall file with the Commission quarterly reports of action ("Report(s)") on or before May 15, 2020, August 17, 2020, and November 16, 2020, reporting on all short-term indebtedness, inclusive of any authorized affiliate borrowings, incurred during the previous calendar quarter. For each month of short-term indebtedness reported, such Report shall include the daily maximum amount of short-term indebtedness outstanding and the daily weighted average balance and cost rate.

(3) Atmos shall file with the Commission a final Report on or before March 15, 2021, to include the same information in Item 2 for the last calendar quarter of 2020, along with a balance sheet as of December 31, 2020.

(4) The authority granted in this case shall have no accounting or ratemaking implications.

(5) If Atmos wishes to obtain authority beyond December 31, 2020, the Company shall file an application for such authority by October 31, 2020.

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[1] Code § 56-55 *et seq.*

CASE NO. PUR-2019-00194
DECEMBER 19, 2019

APPLICATION OF
VIRGINIA NATURAL GAS, INC.
Principal Applicant
and
SOUTHERN COMPANY GAS, AGL SERVICES COMPANY, and SOUTHERN COMPANY GAS CAPITAL CORPORATION
Affiliate Applicants

For authority to issue short-term debt, long-term debt and common stock to an affiliate under Chapters 3 and 4, Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On November 15, 2019, Virginia Natural Gas, Inc. ("VNG"), Southern Company Gas ("SCG"), AGL Services Company ("AGL Services"), and Southern Company Capital Corporation (collectively, "Applicants") filed an Application under Chapters 3[1] and 4[2] of Title 56 of the Code of Virginia ("Code") requesting authority for VNG to participate in a Utility Money Pool, to issue and sell common stock to an affiliate and to issue long-term debt to an affiliate. The amount of short-term debt proposed in the Application exceeds twelve percent of total capitalization as defined in § 56-65.1 of the Code. Applicants paid the requisite fee of $250.

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[1] Code § 56-55 *et seq.*

[2] Code § 56-76 *et seq.*

More specifically, Applicants request authorization for VNG to: (i) issue short-term debt up to an aggregate balance of $200,000,000 through participation in the Utility Money Pool administered by AGL Services; (ii) issue long-term debt to SCG in an amount not to exceed $250,000,000; and (iii) issue and sell common stock to SCG in an amount not to exceed $300,000,000, all for the period January 1, 2020, through December 31, 2020.

Applicants' requested level of short-term debt borrowing authority through the Utility Money Pool is $50,000,000 higher than what was previously requested and authorized in Case No. PUR-2018-00182.[3] The Applicants state that they are requesting this increase to provide sufficient financing to cover VNG's working capital needs. The Applicants further state that this increased need is primarily due to VNG's distribution system capital improvement projects. Applicants represent that the requested authority for Utility Money Pool borrowings of up to $200,000,000 is a maximum and does not reflect VNG's actual short-term borrowing requirements. However, Applicants state that the level of short-term borrowing requested will provide the flexibility needed by VNG to finance its operations on a short-term basis until management deems it appropriate to secure permanent, long-term financing based on capital market conditions and other criteria.

All short-term borrowings will be in accordance with the Utility Money Pool Agreement, which was originally approved by the Commission's Order Granting Authority in Case No. PUE-2004-00132.[4] With respect to the Utility Money Pool, loans to participants will be made in the form of open account advances for periods of less than 12 months. Borrowings will be payable on demand together with all interest accrued thereon. Interest on borrowings will accrue daily at a rate that will be determined based on the source of funds available in the Utility Money Pool.

If Utility Money Pool borrowings in a given month solely consist of surplus funds from participants ("Internal Funds"), the daily interest rate will be based on the published 30-day rates from the Federal Reserve Economic Data ("Internal Funds Rate").[5] If Utility Money Pool borrowings in a given month solely consist of proceeds from bank borrowings or the issuance of commercial paper ("External Funds"), the daily rate will reflect the weighted average cost of External Funds. In months when borrowings are supported by Internal Funds and External Funds, the rate will reflect a composite rate, equal to the weighted average cost of Internal Funds and External Funds.

The cost of compensating balances and fees paid to banks to maintain credit lines that support the availability of External Funds to the Utility Money Pool will be allocated to borrowing parties in proportion to their respective daily outstanding borrowing of External Funds. Borrowing parties will borrow pro rata from each fund source in the same proportion that the respective funds from each source bear to the total amount of funds available to the Utility Money Pool.

With respect to long-term debt issued by VNG to SCG, any terms and conditions thereon will mirror the terms and conditions of debt issued by SCG. If SCG does not issue long-term debt within one year from the date of the long-term debt issued by VNG, the rate of interest on that corresponding issue of VNG debt will be determined utilizing the interest rate on the comparable term U.S. Treasury Securities as reported in the H.15 Federal Reserve Statistical Release nearest to the time of the loan takedown, plus an appropriate credit spread for SCG's existing long-term debt rating. However, such VNG debt rate will be adjusted to match SCG's cost of borrowing if SCG subsequently issues long-term debt within one year after the VNG loan is drawn.

For common stock, VNG requests authority to issue up to 5,552 shares of common stock without par value to SCG. 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, to fund distribution system capital improvement projects, to pay or refinance other obligations of VNG, and for other proper public utility purposes.

NOW THE COMMISSION, upon consideration of the Application and having been advised by its Staff, is of the opinion and finds that approval of the Application will not be detrimental to the public interest.

Accordingly, IT IS ORDERED THAT:

(1) VNG is authorized to participate in the Utility Money Pool and to incur short-term indebtedness in excess of twelve percent of capitalization, but not to exceed $200,000,000 for the period January 1, 2020, through December 31, 2020, under the terms and conditions and for the purposes set forth in the Application, and subject to the requirements set forth in the Appendix attached to this Order.

(2) VNG is hereby authorized to issue long-term debt to SCG in an amount not to exceed $250,000,000 and to issue and sell common stock to SCG in an amount not to exceed $300,000,000 for the period January 1, 2020, through December 31, 2020, under the terms and conditions and for the purposes set forth in the Application, and subject to the requirements set forth in the Appendix attached to this Order.

(3) This matter is continued subject to the continuing review, audit, and appropriate directive of the Commission.

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[3] *Application of Virginia Natural Gas, Inc., Southern Company Gas, and AGL Services Company, and Southern Company Gas Capital Corporation, For authority to issue short-term debt, long-term debt, and common stock to an affiliate,* Case No. PUR-2018-00182, 2018 S.C.C. Ann. Rept. 546, Order Granting Authority (Dec. 21, 2018).

[4] *Application of Virginia Natural Gas, Inc., AGL Resources Inc., and AGL Services Company, For authority to issue short-term debt, long-term debt, and common stock to an affiliate,* Case No. PUE-2004-00132, 2004 S.C.C. Ann. Rept. 539, Order Granting Authority (Dec. 3, 2004).

[5] In previous cases, the Internal Funds Rate was the high-grade unsecured 30-day commercial paper of major corporations sold through dealers as quoted in The Wall Street Journal, since this rate is no longer published by The Wall Street Journal, the Company will now use the 30-Day AA Nonfinancial Commercial Paper Interest Rate, Percent, Daily, Not Seasonally Adjusted.

APPENDIX

(1) 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.

(2) Should Applicants seek to extend the authority for VNG to participate in the Utility Money Pool beyond December 31, 2020, Applicants shall file an application requesting such authority no later than November 15, 2020.

(3) Approval of this Application shall have no implications for ratemaking purposes.

(4) Approval of this Application does not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code.

(5) Applicants shall provide the Commission's Division of Utility Accounting and Finance with at least thirty (30) days' advance notice of the prospective amount and date of any dividend payment by VNG to any affiliate.

(6) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission.

(7) 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.

(8) 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.

(9) 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 Appendix Paragraph (8) 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, a summary of all issuance costs incurred to date for each respective security issued, and a balance sheet reflecting the actions taken.

(10) Applicants shall file their final report of action with the Commission on or before March 4, 2021, to include all of the information outlined in Appendix Paragraphs (7) and (9) above, summarizing the financings entered into pursuant to Appendix Paragraphs (1) and (2) above during the fourth calendar quarter of 2020.

CASE NO. PUR-2019-00200
DECEMBER 11, 2019

APPLICATION OF
KENTUCKY UTILITIES COMPANY d/b/a OLD DOMINION POWER COMPANY

For approval of an amended and restated 2019 Cost Allocation Manual

ORDER GRANTING INTERIM APPROVAL

On July 12, 2019, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP") filed an application ("Application") with the State Corporation Commission ("Commission") requesting authority, pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"),[1] to engage in affiliate transactions with LG&E and KU Energy LLC, Louisville Gas and Electric Company, LG&E and KU Services Company ("LKS"), PPL Corporation, PPL Services Corporation, PPL EU Services Corporation, PPL Capital Funding, Inc., and PPL Power Insurance Ltd., pursuant to the proposed amended and restated LKS 2019 Cost Allocation Manual ("2019 CAM").

According to the Application, the Cost Allocation Manual ("2015 CAM") currently in effect was approved by the Commission in Case No. PUR-2015-00126.[2] In this Application, KU/ODP seeks approval of limited changes to the 2015 CAM, which includes removing and replacing seldom used allocations, updating informational portions of the 2015 CAM, and adding two new services, i.e., Safety and Technical Training and Electric Reliability/Analysis.[3] KU/ODP states that it recognizes that the Commission may not be able to conduct a full review of the Application before the end of calendar year 2019, and so requests interim authority effective January 1, 2020, to engage in affiliate transactions pursuant to the 2019 CAM pending the Commission's disposition of this Application.[4]

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[1] Code § 56-76 *et seq*.

[2] *See Application of Kentucky Utilities Company d/b/a Old Dominion Power Company, For authority to engage in affiliate transactions,* Case No. PUE-2015-00126, 2016 S.C.C. Ann. Rept. 318, Order Granting Authority (Feb. 24, 2016).

[3] Application at 7.

[4] *Id.* at 8.

NOW THE COMMISSION, upon consideration of the foregoing and being sufficiently advised by the Staff of the Commission ("Staff"), finds that granting interim approval while the Application is under review is not detrimental to the public interest, and therefore, KU/ODP's request for interim authority, effective January 1, 2020, to adopt the proposed and amended 2019 CAM for affiliate transactions, subject to the review of the Commission's Staff and the Commission's final order in this proceeding, should be granted.

Accordingly, IT IS SO ORDERED.

CASE NO. PUR-2019-00208
DECEMBER 19, 2019

APPLICATION OF
RCVA, INC.

For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER CANCELLING CERTIFICATES

On December 6, 2019, RCVA, Inc. ("RCVA" or "Company"), filed a letter application with the State Corporation Commission ("Commission") requesting cancellation of its certificates of public convenience and necessity to provide local exchange ("Certificate No. T-742") and interexchange ("Certificate No. TT-288A") telecommunications services in the Commonwealth of Virginia issued by the Commission in Case No. PUC-2015-00072.[1] RCVA also requested that the Commission release the performance/surety bond on file with the Commission and permit the Company to cancel the bond.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Certificate Nos. T-742 and TT-288A should be cancelled, and any tariffs on file associated with the certificates should be cancelled. Further, we find that RCVA should be released from the obligation to maintain a bond on file with the Commission, and accordingly, that the bond may be cancelled by the Company.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed as Case No. PUR-2019-00208.

(2) Certificate No. T-742, issued to RCVA to provide local exchange telecommunications services, is hereby cancelled.

(3) Certificate No. TT-288A, issued to RCVA to provide interexchange telecommunications services, is hereby cancelled.

(4) Any tariffs on file with the Commission associated with the foregoing certificates are hereby cancelled.

(5) The bond associated with the foregoing certificates is hereby released.

(6) This case is dismissed.

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[1] *Application of RCVA, Inc., For certificates of public convenience and necessity to provide local exchange and interexchange services in the Commonwealth of Virginia,* Case No. PUC-2015-00012, 2015 S.C.C. Ann. Rept. 156, Final Order (Oct. 5, 2015).

DIVISION OF SECURITIES AND RETAIL FRANCHISING

CASE NO. SEC-2017-00009
AUGUST 1, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
HARVEST FINANCIAL GROUP, LLC and KYLE THOMAS MILLS,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Harvest Financial Group, LLC ("Harvest Financial") and Kyle Thomas Mills ("Mills") (collectively, the "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Harvest Financial is a Virginia limited liability company with a last known address of 9003 Quioccasin Road, Suite 200, Richmond, Virginia 23229. Mills is a Virginia resident and the owner and managing member of Harvest Financial.

The Division alleges that from November 2015 through June 2016, an unregistered investment advisor representative ("Unregistered Advisor") was associated with Harvest Financial in violation of § 13.1-504 of the Act. The Unregistered Advisor met with Harvest Financial clients and provided them with investment advice. On occasion, Harvest Financial paid the Unregistered Advisor for such services.

Based on the investigation, the Division alleges Harvest Financial violated § 13.1-504 (C) of the Act by associating with an unregistered investment advisor representative in the Commonwealth.

The Division further alleges that the Defendants violated Commission Rule 21 VAC 5-80-160 A (1) of the Commission's Division of Securities and Retail Franchising Investment Advisors Recordkeeping Requirements by failing to keep adequate books and records relating to disbursements paid out of Harvest Financial's business accounts, books of business, purchase payments, business related payments and investment advisor fee payments.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny the allegations herein, but admit to the Commission's jurisdiction and authority to enter into this Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Treasurer of Virginia a total amount of Seven Thousand Five Hundred Dollars ($7,500) to defray the costs of investigation in this matter to be made in two payments, as follows: (1) the amount of Two Thousand Five Hundred Dollars ($2,500) payable within fifteen (15) days of the entry of this Order; and (2) the amount of Five Thousand Dollars ($5,000) payable within sixty (60) days of the entry of this Order;

(2) Within thirty (30) days of the entry of this Order, the Defendants will extend the contract with the current independent third-party compliance firm for a period of at least two (2) years, ending on December 31, 2021; and

(3) Within sixty (60) days of the entry of this Order, the Defendants will provide the Division with a written report to include (a) an update of the review being conducted by the independent third-party compliance firm, and (b) the changes Harvest Financial has implemented as a result of the compliance review.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2017-00023
MARCH 13, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
THE O.N. EQUITY SALES COMPANY, INC.,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of The O.N. Equity Sales Company, Inc. ("ONESCO" or "Defendant"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

The Division opened an investigation when one of ONESCO's former agents, Joshua Ray Abernathy ("Abernathy") confessed to federal authorities that he had been engaged in securities fraud while employed by at least two different broker-dealer firms, including ONESCO.

The Division's records indicate that Abernathy was registered in the Commonwealth of Virginia ("Virginia") as an investment advisor representative and a registered representative with ONESCO between February 21, 2013 and August 19, 2014. While employed by ONESCO, Abernathy misappropriated funds from at least fourteen (14) investors in violation of the Act.

The Division alleges ONESCO failed to properly supervise Abernathy as required by the Act and the Commission's Rules governing Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer ("Rules"), 21 VAC5-20-10 *et seq.* Specifically, the Division alleges that ONESCO failed to adequately monitor Abernathy's use of his personal email account to communicate with clients during the time he was registered with ONESCO. Additionally, the Division alleges that ONESCO violated its own policies and procedures by conducting only one branch audit of Abernathy's securities activities, when its policies and procedures stated that two branch audits would be conducted on new branch locations within the first 15 months. The Division alleges that if ONESCO had complied with these requirements and obligations, it would have discovered Abernathy's fraudulent activities.

Accordingly, based on the investigation, the Division alleges the Defendant violated: (i) Rule 21 VAC 5-20-260 A by failing to be responsible for the acts, practices, and conduct of Abernathy in connection with the sales of securities; (ii) Rule 21 VAC 5-20-260 B by failing to exercise diligent supervision over Abernathy's securities activities and; (iii) Rule 21 VAC 5-20-260 D by failing to enforce its written procedures.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

Prior to the entry of this Settlement Order ("Order"), ONESCO paid restitution of $469,667 to fourteen (14) investors identified by the Division through other proceedings.

ONESCO, without admitting or denying the allegations made herein, admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters arising from these allegations, ONESCO has made an offer of settlement to the Commission wherein ONESCO will abide by and comply with the following terms and undertakings:

(1) ONESCO shall deliver restitution payments totaling Forty Thousand Dollars ($40,000) on a pro rata basis to the last known addresses of the fourteen (14) investors identified by the Division within thirty (30) days of the entry of this Order. ONESCO shall provide proof of delivery of these payments to the Division within forty-five (45) days of the entry of this Order.

(2) If ONESCO does not deliver the restitution payments identified in paragraph (1) or does not provide the required proof of delivery, ONESCO shall pay to the Treasurer of Virginia the amount of Forty-five Thousand Dollars ($45,000) in monetary penalties within 60 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.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2018-00006
APRIL 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
BEAMSMART IOE INC., F/K/A BEAMSMART, INC., and MEHRDAD NEGAHBAN,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of BeamSmart IOE, Inc., f/k/a BeamSmart, Inc. ("BEAMSMART"), and Mehrdad Negahban (collectively, the "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

BEAMSMART is a Delaware corporation with a last known address of 8380 Greensboro Drive, Apartment 119, McLean, Virginia 22102. Mehrdad Negahban is the Managing Member and Principal of BEAMSMART. The Defendants are also principal participants in Beamcitizen LLC. None of the BeamSmart entities are registered with the Office of the Clerk.

The Division alleges that the Defendants offered and sold preferred stock in BEAMSMART in three separate offerings, Class A, B, C, and from 2011 to date. The Defendants raised over $2.3 million in the three offerings. The preferred stock was not registered or exempt from registration at the time the Defendants offered and sold the preferred stock.

The Division further alleges that the Defendants employed or engaged a number of individuals as their agents to solicit purchases of the BEAMSMART securities. In some cases, these agents were employees of the company. In other cases, the agents soliciting the purchases of BEAMSMART preferred stock were promised incentives, including preferred stock to solicit investors. None of the Defendants' agents were registered to offer and sell securities at the time the preferred stock was sold.

Based on the investigation, the Division alleges the Defendants violated § 13.1-504 (A) of the Act by employing or engaging agents to offer and sell securities in the Commonwealth of Virginia when the agents were not registered with the Commission to transact such business and § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants admit to allegations herein and admit to the Commission's jurisdiction and authority to enter into this Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants admit to offering and selling securities in violation of §13.1-507 of the Act;

(2) The Defendants admit to employing and engaging agents to offer and sell securities in violation of § 13.1-504 A of the Act;

(3) The Defendants within thirty (30) days of the entry of this Order agree to transfer all of the investors' interests (including, but not limited to, the preferred and common stock) from BeamSmart, Inc. to BeamSmart IOE Inc. The Defendants shall provide documentation to the Division validating the investors' interest in the company within sixty (60) days of the entry of this Order. If, at any time, BeamSmart IOE Inc. creates another successor company, the Defendants will, within sixty (60) days transfer all investors' interests to the new entity;

(4) The Defendants agree not to offer and sell securities in or from the Commonwealth of Virginia without compliance with the Act for any companies in which they are a participant, a principal or an affiliate;

(5) The Defendants agree not to employ or engage agents to offer and sell securities in or from the Commonwealth of Virginia without compliance with the Act for any companies in which they are a participant, a principal or an affiliate; and

(6) The Defendants agree not to violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2018-00011
MARCH 13, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CORNERSTONE CAPITAL MANAGEMENT, LTD., AND GREGORY SCOTT MCCAULEY, SR.,
Defendants

JUDGMENT ORDER

On July 9, 2018, the State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") entered a Rule to Show Cause ("Rule") at the request of the Division alleging that Cornerstone Capital Management, Ltd., and Gregory Scott McCauley, Sr. ("McCauley") (collectively, "Defendants"), violated provisions of the Virginia Securities Act ("Act"), §13.1-501 *et seq*. of the Code of Virginia, and the Commissions' rules governing investment advisors thereunder.[1] More specifically, the Division alleged that the Defendants, on at least one occasion, failed to: (1) make books and records available for inspection and reproduction by Commission Staff, in violation of 21 VAC 5-80-65; and (2) maintain required books and records and to maintain these required records at the principal place of business, in violation of 21 VAC 5-80-160. The Rule further alleged that the Defendants employed or associated with an unregistered investment advisor representative, in violation of § 13.1-504 A of the Act.

The Rule, among other things, assigned the matter to a Hearing Examiner and scheduled an evidentiary hearing for October 15 and 16, 2018. Additionally, the Rule ordered the Defendants to file a responsive pleading on or before August 15, 2018, in which the Defendants were required to expressly admit or deny the allegations in the Rule and present any affirmative defenses that they intended to assert. The Rule also advised the Defendants that they may be found in default if they failed to either timely file a responsive pleading or if they failed to appear at the hearing.

On August 17, 2018, McCauley's request for extension of time was filed with the Commission. The Hearing Examiner issued a ruling on September 6, 2018, that extended the Defendants responsive pleading due date to September 14, 2018, and rescheduled the hearing for January 16 and 17, 2019. The Defendants failed to file a responsive pleading or otherwise make an appearance in this case.

On December 20, 2018, counsel for the Division filed a Motion for Default Judgment ("Default Motion"), based on the Defendants failure to file a responsive pleading, requesting that: the Defendants be found in default and to have violated 21 VAC 5-80-65 and 21 VAC 5-80-160. The Default Motion also requested that the Commission dismiss without prejudice the allegation that the Defendants violated § 13.1-504 A of the Act. Additionally, the Default Motion requested that the Commission enjoin the Defendants from (1) transacting business in Virginia as a broker-dealer, broker-dealer agent, investment advisor, investment advisor representative, issuer or agent of the issuer; and (2) future violations of the Act.

An evidentiary hearing on the Rule was held on January 16, 2019. The Division was represented by counsel, Debra M. Bollinger, Esquire. The Defendants failed to appear at the hearing. In support of the Default Motion, the Division presented proof of service on the Defendants and the testimony of Stephen Cava, Senior Investigator for the Division's Investigations Section, along with supporting documentary evidence.

On February 5, 2019, the Hearing Examiner issued his report ("Report"), which thoroughly summarized the factual and procedural history of this case, as well as the evidence and arguments presented at the hearing. In his Report, among other things, the Hearing Examiner found that the Division established by clear and convincing evidence that the Defendants violated: (1) 21 VAC 5-80-65 by failing to make available for inspection records requested by the Division concerning the Defendants' investment advisory activities and related securities transactions; and (2) that the Defendants violated 21 VAC 5-80-160 by failing to keep true, accurate, and current books and records at their principal place of business. The Hearing Examiner further found that both violations occurred despite the Defendants being given multiple opportunities to comply with the regulations and the Division's multiple requests for information. Additionally, the Hearing Examiner found that the Defendants' inability, if not refusal, to provide information that the Act requires was and continues to be a clear violation of the Act that inhibited the Division's investigation of the Defendants.

Based upon these findings, the Hearing Examiner recommended that the Defendants be found in default to have violated regulations 21 VAC 5-80-65 and 21 VAC 5-80-160. The Hearing Examiner further recommended that the alleged violation of § 13.1-504 A of the Act be dismissed without prejudice, as requested by the Division in the Default Motion. Additionally, the Hearing Examiner recommended, pursuant to § 13.1-519 of the Act that the Defendants should be permanently enjoined from: (1) registering to conduct business under the Act as an investment advisor, investment advisor representative, broker-dealer, broker-dealer agent, issuer or agent of the issuer; and (2) from further violations of the Act. The Hearing Examiner also recommended that the case be dismissed and pass the papers herein to the file for ended causes.

The Report allowed the parties 21 days to provide comments. Neither the Defendants nor the Division filed comments.

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

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[1] 21 VAC 5-80-10 *et seq*.

Accordingly, IT IS ORDERED THAT:

(1) The Hearing Examiner's Report is adopted.

(2) The Defendants, pursuant to § 13.1-519 of the Act, are PERMANENTLY ENJOINED from registering to conduct business under the Act as an investment advisor, investment advisor representative, broker-dealer, broker-dealer agent, issuer or agent of the issuer;

(3) The Defendants, pursuant to § 13.1-519 of the Act, are PERMANENTLY ENJOINED from committing any future violations of the Act.

(4) The alleged violation of § 13.1-504 A of the Act is dismissed without prejudice.

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

CASE NO. SEC-2018-00021
JUNE 20, 2019

DAVE BOURNE BAIL BONDS, INC.,
Petitioner
v.
DAVID C. VENIE,
Respondent.

FINAL ORDER

On May 31, 2018, Dave Bourne Bail Bonds, Inc. ("Petitioner"), by counsel, filed a Petition to Cancel Registration of Trademark/Service Mark ("Petition") with the State Corporation Commission ("Commission"). The Petition requested that the Commission cancel the registration of the service mark "Your Freedom Is Our Business" registered to the Respondent, David C. Venie ("Respondent") on April 25, 2018, File No. 12467 ("Service Mark"), which the Petitioner alleged it had used continuously since 2006 to advertise and market its bail bond business.[1] On June 29, 2018, the Commission entered a Scheduling Order, assigning the matter to a Hearing Examiner.[2]

The Respondent filed a Motion to Dismiss the Petition and Demurrer to the Petition on July 5, 2018, and July 19, 2018, respectively.[3] On January 9, 2019, the Hearing Examiner denied the Motion to Dismiss and Demurrer after considering the parties' written and oral arguments regarding the same.[4] On March 22, 2019, the Hearing Examiner entered a scheduling ruling, scheduling an evidentiary hearing on the Petition for July 9, 2019, and setting other pre-hearing filing deadlines for the parties and the Division of Securities and Retail Franchising ("Division").[5]

On June 12, 2019, the Petitioner filed a Motion to Withdraw Petition ("Motion to Withdraw"), indicating that the parties had reached a resolution of the issues presented in the Petition, and requesting withdrawal and dismissal of the Petition upon cancellation of the Service Mark by the Division, which the Respondent requested by letter to the Division dated June 11, 2019.[6] On June 14, 2019, the Hearing Examiner recommended to the Commission that the Petition be dismissed upon cancellation of the Service Mark by the Division.[7]

NOW THE COMMISSION, upon consideration of the record in this matter and based upon the Petitioner's Motion to Withdraw and the Respondent's request for cancellation of the Service Mark, hereby DIRECTS the Division to cancel the Service Mark, and hereby ORDERS that this case is dismissed from the Commission's docket, and the papers herein shall be placed in the file for ended causes.

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[1] Petition at 3-5.

[2] Scheduling Order at 2.

[3] Motion to Dismiss the Petition; Demurrer to the Petition.

[4] Hearing Examiner’s Ruling of January 9, 2019.

[5] Hearing Examiner’s Ruling of March 22, 2019 at 1-2.

[6] Motion to Withdraw at 1 and Exhibit 1.

[7] Hearing Examiner’s Report of June 14, 2019.

CASE NO. SEC-2018-00027
APRIL 8, 2019

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

CONSENT ORDER

LPL Financial, LLC ("LPL") is a broker-dealer with a principal place of business at 75 State Street, 22nd Floor, Boston, MA 02109, that is registered in the Commonwealth of Virginia ("Virginia").

A coordinated investigation into LPL's failure to establish and maintain reasonable policies and procedures to prevent the sale of unregistered, non-exempt securities by LPL to its customers, including LPL's retention, use, and subsequent cancellation of certain third-party services integral to LPL's compliance with state securities registration requirements (a/k/a "Blue Sky" laws); and certain other deficiencies within LPL's compliance structure related to LPL's controls, monitoring and reporting tools, and escalation protocols in relation to LPL's response to significant compliance issues resulting from such failure during the period of approximately October 1, 2006 through May 1, 2018 (the "Investigation") has been conducted by a multistate task force, coordinated among members of the North American Securities Administrators Association ("NASAA"), with Massachusetts and Alabama serving as the "Lead States."

LPL has agreed to resolve the Investigation, upon the terms specified in the Settlement Term Sheet executed as of May 1, 2018, between LPL and the Lead States on behalf of participating NASAA jurisdictions, with all participating states and territories identified in Appendix A to the Settlement Term Sheet (each, a "Jurisdiction" and collectively, the "Jurisdictions").

LPL agrees to comply in all material respects with the undertakings specified herein.

LPL elects to permanently waive any right to a hearing and appeal under §§ 12.1-28 and 12.1-39 of the Code of Virginia ("Code") with respect to this Consent Order (the "Order").

NOW, THEREFORE, the Virginia State Corporation Commission ("Commission"), as administrator of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code, hereby enters this Order:

(1) LPL 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.

I. FINDINGS OF FACT

A. BACKGROUND, CONTRACT WITH BSDC

(2) Every broker-dealer is required to have a supervisory system that is reasonably designed to ensure that the broker-dealer complies with all state and federal laws, rules and regulations, including laws that prohibit the offer or sale of unregistered, non-exempt securities. Securities issued by companies listed on major national exchanges (*e.g.*, NYSE, AMEX, NASDAQ) and securities issued by registered investment companies (*e.g.*, mutual funds) are in most instances exempt from the Blue Sky requirements at issue here.

(3) A reasonably designed system at a minimum includes written policies and procedures governing the offer and sale of securities by registered persons, training for all associated persons, and supervisory procedures and designated supervisors responsible for ensuring compliance.

(4) In January 2000, LPL entered into an agreement with Blue Sky Data Corporation ("BSDC"), by which BSDC was obligated to supply LPL with data for LPL's use in compliance and supervisory efforts related to Blue Sky laws, rules, and regulations (the "Subscription Agreement"). The Subscription Agreement was amended in 2006.

(5) As executed in January 2000, and amended in mid-2006, the Subscription Agreement included data for equity securities but not for fixed income securities.

(6) From at least January 2000 forward, the Subscription Agreement provided for a data feed that, if properly utilized, would allow for the review of trades to ensure that equity securities were properly registered in the customer's state. The subscription also provided online access for authorized personnel to query a specific CUSIP to determine its registration status in each U.S. state and territory. As described in more detail below, although the contract would enable such review, LPL failed to ensure during the relevant period that the data was comprehensively utilized and that its systems were properly configured to effectively make use of the data.

B. BLUE SKY COMPLIANCE EFFORTS

(7) LPL has represented that for a number of years, through at least October 2006, LPL's Surveillance Department conducted a manual review of certain solicited equities trades to confirm Blue Sky compliance. This involved the use of various reports and reference to registration and exemption data from BSDC, as a result of the state securities registration subscription described above, and resulted in LPL identifying certain violations and taking certain remedial actions.

(8) At some point after October 2006, the manual Blue Sky Review process described above lapsed. Records reflect that LPL thereafter failed to meet Blue Sky compliance obligations and failed to address registration and exemption requirements in the states.

(9) Records reflect that in 2006, LPL supplemented its subscription with BSDC to, among other things, include automated checks (a/k/a "edits") to review orders against data from BSDC. Records reflect that the Subscription Agreement was amended based on an assumption by certain LPL personnel that, with this supplemental data feed feature, a front-end order entry block (i.e., an automated mechanism that would prevent the execution of trades of unregistered, non-exempt securities) could be implemented with a fair degree of ease.

(10) Lacking necessary training, supervision and process implementation of various order entry systems, including the role of both proprietary systems and vended, third-party systems, LPL personnel failed to accomplish the additional steps that would be required to implement a front-end order entry hard block. While it appears from LPL records that the implementation difficulties were recognized by certain personnel and some efforts to resolve the technological obstacles were undertaken over a period of time, these efforts were not successful as the efforts were not given the appropriate stature within LPL, necessary training, or appropriate and adequate supervision.

(11) As reflected in various records, poor intradepartmental and interdepartmental communications and a lack of integrated supervision and governance over vendor agreements, order entry systems controls, and Blue Sky compliance contributed to the failure of certain personnel in both Trading and Compliance to recognize at various points in time that Blue Sky hard blocks had not been implemented into LPL's order entry systems.

(12) Records reflect that during the relevant period, other personnel appeared to place reliance on other surveillance reviews that were designed for purposes of complying with certain LPL internal policies (for example, surveillance reviews pertaining to compliance with LPL's internal prohibition of solicited trades of low-priced and certain unlisted securities) as a means of capturing Blue Sky violations. LPL failed to ensure there was a review specifically designed to address state securities registration requirements.

(13) The groups and functions that are required for ensuring Blue Sky compliance were not integrated and were fragmented across the organization, particularly in a period during which LPL was experiencing significant growth. Moreover, LPL lacked and failed to provide institutional Blue Sky expertise or experience in the form of an individual or individuals with particularized knowledge of industry-wide standards, policies, procedures and processes. This resulted in a failure by LPL to comprehensively address Blue Sky compliance needs and to develop and fund what should have been a centralized set of Blue Sky compliance controls.

C. <u>CANCELLATION AND REINSTATEMENT OF BSDC DATA FEED</u>

(14) In or around January 2014, LPL's Procurement Department ("Procurement") undertook a review of various vendor contracts. Procurement identified the Subscription Agreement, at a cost of $31,200 per year, and inquired whether LPL had a need for the service and who within LPL used the subscription. The purpose of this inquiry was to determine whether Procurement could cancel or not renew the BSDC subscription.

(15) Procurement was directed to LPL's Governance, Risk & Compliance Department ("Compliance"), specifically a vice president in Compliance ("VP Compliance").

(16) Without adequate controls in place to ensure that the inquiry was conducted properly, VP Compliance and an assistant vice president in Compliance sent a series of separate emails to various personnel within LPL's Registrations, Trading, Compliance, and Operations departments to determine whether LPL had a continued need for the BSDC subscription or whether the contract could be cancelled.

(17) None of the personnel consulted indicated that the BSDC subscription was critical to compliance with Blue Sky state registration requirements.

(18) Following these inquiries, in February 2014, VP Compliance wrote to Procurement that it was "ok to discontinue" LPL's subscription to the Subscription Agreement.

(19) In March 2014, Procurement provided written notice to BSDC to terminate the Subscription Agreement and LPL paid the final April 2014 invoice.

(20) Email records reflect that on October 23, 2014, a trader on LPL's Equity Trading desk ("Equity Trading") reviewed a screen that contained information showing a particular security to be restricted as a result of not being registered for sale or exempt from registration in the particular jurisdiction (which information appears to have been populated to the system before the BSDC contract was terminated). The trader shared the screen with a Manager in Equity Trading who in turn contacted BSDC in an effort to determine whether the particular restriction was valid Through this outreach to BSDC, that Manager learned that LPL's subscription to the state securities registration data had been cancelled months earlier.

(21) On October 24, 2014, Equity Trading requested by email that the subscription be immediately reinstated. In that email, Equity Trading explained that it relied on the data to determine if over-the-counter securities are Blue Sky-compliant in the U.S. and territories, stating: "[w]e would like to request to have this subscription renewed as quickly as possible as this is a critical part of our day to day business."

(22) In December 2014, LPL and BSDC reinstated the Subscription Agreement and in February 2015, LPL was again receiving up-to-date data into its equity trading system from BSDC.

(23) Both before and after the contract cancellation, alerts relating to potential Blue Sky registration violations for equity securities were visible only to the trading desk and not to financial advisors who placed trades directly and, as noted above, notwithstanding that LPL had access to BSDC data for equity securities, LPL's systems did not operate to prevent a trade that was not Blue Sky-compliant (*i.e.*, a front-end block).

(24) While the reinstated Subscription Agreement obligated BSDC to provide LPL with data for both equity and fixed income securities, at no point prior to December 2014 did the Subscription Agreement include data for fixed income securities.

D. POST-REINSTATEMENT REVIEW AND REMEDIAL MEASURES

(25) Following the reinstatement of the BSDC contract, LPL conducted a review of certain equities and fixed income trades and identified certain Blue Sky violations requiring remediation. LPL attempted repurchase or damages offers to affected investors identified through this limited review. In connection with the making of these offers, LPL contacted securities regulators in certain jurisdictions about the offers.

(26) As reflected in various records, poor intradepartmental and interdepartmental communications and a lack of integrated supervision and governance resulted in LPL's failure at that time to conduct a sufficient analysis to determine the root cause of the identified violations and compliance and supervisory shortcomings.

(27) LPL has represented that following the reestablishment of the BSDC contract, LPL implemented several Blue Sky controls.

(28) LPL has engaged several consultants to conduct a comprehensive review of its current Blue Sky compliance program and to assist LPL with implementation of recommendations, which is ongoing.

(29) LPL has represented that it has designed and began implementing Blue Sky training for Compliance, Trading, Operations and Legal personnel and hired a senior-level Blue Sky compliance expert as a full-time employee, who has responsibilities for establishing and implementing the enhanced Blue Sky compliance program as guided by the independent consultants.

II. CONCLUSIONS OF LAW

(1) The Commission has jurisdiction over this matter pursuant to the Act

(2) LPL offered and sold unregistered, non-exempt securities in Virginia, in violation of § 13.1-507 of the Code.

(3) LPL failed to invest sufficient and appropriate resources in personnel, expertise, systems, and operations to adequately comply with Blue Sky laws, rules, and regulations, in violation of Commission Rule ("Rule") 21 VAC 5-20-260 D.

(4) LPL failed to reasonably supervise the flow of information to ensure full and proper compliance with state securities registration requirements, in violation of Rule 21 VAC 5-20-260 D.

(5) LPL failed to maintain adequate systems to reasonably supervise agents, staff, and employees to prevent the sale of unregistered, non-exempt securities, in violation of Rule 21 VAC 5-20-260 D.

(6) LPL failed to supervise agents, staff, and employees in the performance of duties with respect to systems operation, process, and checks and balances to ensure compliance with Blue Sky laws, rules, and regulations, in violation of Rule 21 VAC 5-20-260 D.

(7) LPL acted negligently in canceling certain third-party services critical for compliance with Blue Sky laws, rules, and regulations, in violation of Rule 21 VAC 5-20-260 D.

(8) LPL failed to maintain books and records necessary to ensure full and proper compliance with Blue Sky laws, rules, and regulations, in violation of Rule 21 VAC 5-20-240.

(9) LPL failed to conduct appropriate and necessary due diligence regarding the retention, use, and subsequent cancellation of certain third-party services critical for compliance with Blue Sky laws, rules, and regulations, in violation of Rules 21 VAC 5-20-240 and 21 VAC 5-20-260 D.

(10) The following relief is appropriate and in the public interest.

III. ORDER

On the basis of the Findings of Fact, Conclusions of Law, and LPL's consent to the entry of this Order, IT IS HEREBY ORDERED THAT:

(1) This Order concludes the Investigation and any other action that the Commission could commence under the Act on behalf of Virginia as it relates to the substance of the Findings of Fact and Conclusions of Law herein, provided however, that excluded from and not covered by this paragraph 1 are any claims by the Commission arising from or relating to LPL's failure to comply with the undertakings contained herein.

(2) This Order is entered into solely for the purpose of resolving the referenced multistate investigation, and is not intended to be used for any other purpose.

(3) LPL agrees to comply with the Act in the future.

A. PENALTY

(4) LPL Financial Holdings Inc., or its direct or indirect subsidiaries, shall, contemporaneously with the entry of the Order by the Commission, pay the sum of Four Hundred Ninety-nine Thousand Dollars ($499,000.00) to the Treasurer of Virginia, of which Four Hundred Fifty Thousand Dollars ($450,000.00) shall represent civil penalties, and Forty-nine Thousand Dollars ($49,000.00) shall represent costs of investigation pursuant to § 13.1-518 A of the Act.

B. CUSTOMER REMEDIATION

(5) No later than July 2, 2018, LPL shall commence a comprehensive review of all customer transactions effected in Virginia to assess compliance with all applicable state securities registration requirements ("Historical Trade Review").

(6) The Historical Trade Review shall include all executed, solicited purchase orders of equity and fixed income securities effected in Virginia between October 1, 2006 (insofar as LPL and/or any third party, vendor, supplier or service has necessary records) and May 1, 2018 (the "Historical Trade Review Period"), as well as all executed, unsolicited purchase orders of equity and fixed income securities effected in Virginia during the portion of the Historical Trade Review Period for which Virginia did not have an exemption from registration for unsolicited transactions.

(7) For the purposes of the Historical Trade Review, a transaction shall be deemed to have been effected in Virginia if the customer's address of record (or the address of record for the beneficial owner of any account, as applicable) at the time of the transaction was within Virginia.

(8) The Historical Trade Review shall be conducted by an unaffiliated third party that is not unacceptable to the Lead States (the "Independent Reviewer"). The Independent Reviewer shall not be a person or entity who has provided LPL with any products or services related to Blue Sky compliance prior to July 1, 2017.

a. In conducting the Historical Trade Review, the Independent Reviewer may rely on historical research, data, and other services provided by a third-party service provider other than the Independent Reviewer. The Independent Reviewer may further rely on any determination by such a third-party service provider that a particular trade complied with state registration requirements.

b. Upon request, LPL shall provide the Commission's Division of Securities and Retail Franchising ("Division") with copies of all final contracts and directives related to the engagement of the Independent Reviewer and any other third-party service provider involved in the Historical Trade Review and the related remediation. LPL shall promptly respond to any additional requests for information by the Division relating to such engagement.

c. LPL shall neither be in nor have an attorney-client relationship with the Independent Reviewer, and shall not seek to invoke the attorney-client privilege or any other doctrine or privilege to prevent the Independent Reviewer from transmitting any information, reports, or documents as set forth in this Order to the Division or to LPL's Board of Directors.

d. LPL may request confidential treatment be afforded to any material provided by LPL and/or the Independent Reviewer to the Division, and the Division shall provide such treatment and seek to prevent public disclosure of those materials to the full extent possible under its laws.

e. LPL shall not have the authority to terminate the Independent Reviewer or any third-party service provider engaged in connection with the Historical Trade Review and related remediation, without prior written approval from the Lead States.

(9) LPL shall offer to repurchase the securities where the securities are still held in an LPL Account (subject to a standardized repurchase formula) or to pay damages where the position has been sold (subject to a standardized damages formula) for each trade involving an unregistered, non-exempt equity or fixed income security. Each offer shall include interest at a rate of three (3) percent simple interest per annum. Interest shall be calculated from the trade date of the purchase to the earlier of May 1, 2018, or the date on which the customer sold the security, if applicable.

(10) For customers with affected securities who have transferred their accounts away from LPL, LPL will attempt to contact the customer to determine whether the customer either (1) sold the position after transferring it away from LPL or (2) still holds the position at a broker-dealer other than LPL. If the customer still holds the position, LPL will also need to determine whether it is feasible for the securities to be transferred back to LPL for purposes of LPL's offering to repurchase the securities. If the customer fails to timely provide information necessary for LPL to make a repurchase or damages offer using the formula described in Section III(B)(9) above or if it is not feasible to transfer the securities back to LPL for repurchase, then LPL will make a damages offer to the customer based on a revised formula. The damages shall be calculated by deducting the lowest reasonably identifiable value of the security on the date of transfer from the amount paid and applicable interest.

(11) LPL shall memorialize each offer in a letter (each, an "Offer Letter"), pursuant to the following terms:

a. LPL and the Lead States will work to design a template Offer Letter (providing recommended format and the categories of information to be included with every offer). The Lead States will distribute the final template Offer Letter to the Jurisdictions.

b. If the Division requires modification of the final template Offer Letter, the Division must communicate that requirement, or advise LPL when the Division will communicate the details of that requirement, to counsel for LPL within ten (10) business days of receipt of the final template Offer Letter. LPL shall work in good faith to address any questions or concerns raised by the Division and to comply with any statutory or regulatory requirement in Virginia related to the form or content of such Offer Letters. Absent contact from the Division within ten (10) business days, LPL may presume that the Division has approved the template Offer Letter, inclusive of any waiver or release language, for distribution to offerees in Virginia.

c. Each Offer Letter shall be delivered to the offeree's last known mailing address as maintained in LPL's records in a manner that enables confirmation of delivery (e.g., certified U.S. Post Mail or Federal Express). For offerees that have elected, in writing, to receive correspondence electronically, Offer Letters may be sent electronically, so long as electronic delivery includes a mechanism to confirm that the Offer Letter was delivered (e.g., request for read receipt).

d. Each Offer Letter shall clearly state the terms of the offer, and shall provide in bold underlined font: (1) the steps required to accept the offer, (2) the deadline for acceptance, and (3) the contact information at LPL whereby the offeree can obtain additional information.

e. LPL may include within its Offer Letters a waiver or release relative to the transactions it is offering to remediate. Notwithstanding any such waiver or release, neither the Historical Trade Review nor the Repurchase Program (defined below) shall operate to extinguish or preclude any individual claim or private right of action based on sales practice violations (e.g., material misrepresentation or omission, or suitability) that is otherwise available to any offeree, except to the extent that such claim or right of action is based primarily on the unregistered, non-exempt status of the security or transaction which LPL is offering to remediate. In any event, the form and content of any such waiver or release shall not be unacceptable to the Commission**.**

(12) The Offer Letter shall remain open for a period of sixty (60) days from the date it is sent to the offeree.

a. Within sixty (60) days of the date that Offer Letters are sent, LPL shall provide the Division a list of offerees in Virginia for whom Offer Letters were returned as undeliverable so that the Jurisdiction may attempt to locate those offerees.

i. If the Division elects to try to locate current addresses for this population of offerees, then it shall inform LPL or its representative. The Division will then have ninety (90) days to provide LPL with a new address for use in re-sending each Offer Letter previously returned as undeliverable (the "Location Period"). The Division may determine it necessary to extend the Location Period in which case it will notify LPL as to the minimum period of time necessary to complete its search. The Location Period shall not extend beyond one hundred eighty (180) days.

ii. If the Division locates an individual after the Location Period has elapsed, LPL shall accommodate any reasonable request from the Division to re-send an Offer Letter to a newly-identified mailing address, so long as LPL is still actively engaged in mailing Offer Letters in any Jurisdiction.

iii. Any Offer Letter that is re-sent will carry with it a revised deadline for acceptance that is sixty (60) days from the date the Offer Letter is re-sent.

iv. Separate from the efforts undertaken by the Division to locate a current mailing address for undeliverable Offer Letters, LPL or its representative(s) shall conduct an electronic query (*i.e.*, a public records search via a service such as Thomson Reuters or LexisNexis) for each undeliverable offeree and shall re-send an Offer Letter in a manner not materially different from LPL's initial mailing to offerees for whom it identifies an address that appears to be the offeree's current mailing address. The Division and LPL shall coordinate to resolve any discrepancies between the address identified by the Division and the address identified by LPL.

v. If both the Division and LPL are unable to locate the address for any individual within the population of offerees addressed in this Section III(B)(12)(a), LPL shall re-send an Offer Letter to all such individuals who come forward to either LPL or the Jurisdiction within six (6) months after completion of the Historical Trade Review and Repurchase Program (as described and defined in Section III(B)(13), below).

(13) The Historical Trade Review shall be completed, all offers shall be made, and all payments remitted (collectively the "Repurchase Program") in Virginia no later than November 1, 2019.

(14) No later than December 31, 2019, LPL shall prepare and submit to the Division a report including the following information:

a. For each offer made:

i. The trade date(s) and corresponding product(s) covered by the offer;

ii. The name and address of the offeree(s);

iii. Whether the offer was either accepted, affirmatively rejected, or deemed rejected due to a failure to timely accept;

iv. The date(s) and amount(s) remitted for each offer; and

v. Any special circumstances relevant to that offer (*e.g.*, if the original customer is now deceased and the payment was remitted to the customer's heirs or estate).

b. The total amount paid to all residents of the Jurisdiction in connection with the Repurchase Program; and

c. The number of executed and settled purchase orders reviewed in Virginia that were determined by a third-party service provider other than the Independent Reviewer to have complied with state registration requirements, and that were therefore not reviewed by the Independent Reviewer. LPL will identify all such trades upon request by the Division.

(15) No later than December 31, 2019, LPL shall require the Independent Reviewer to certify to LPL that the Independent Reviewer's determinations as to which transactions contravened state registration requirements are true, accurate, and based on all available information and a good faith interpretation of applicable law. Prior to the Independent Reviewer's certification, LPL shall direct that any third-party who provided services in furtherance of the Independent Reviewer's determinations provide a written representation to the Independent Reviewer that all services rendered in furtherance of the Historical Trade Review were fully completed in accordance with both the third-party's statement of work and all directives provided to the third-party by the Independent Reviewer.

(16) No later than December 31, 2019, LPL or its designee(s) shall certify to the Division that LPL has fully complied in all material respects with the undertakings set forth in Section III(B) of this Order in connection with transactions effected in Virginia, including to the best of LPL's knowledge, the truth, accuracy, and good faith basis of all determinations by the Independent Reviewer and any other third-party service provider as to whether any transaction complied with state registration requirements. LPL shall provide as an exhibit to this certification copies of the Independent Reviewer's certification and any other third-party representations that LPL is relying upon in making this certification to the Division. In its certification, LPL shall affirm that if an error is subsequently identified within the Historical Trade Review and Repurchase Program (whether a failure to identify a violative transaction or an error in calculating the value of an offer), LPL will retain responsibility for ensuring the error is remediated so that LPL has made all offers anticipated by this Order. The identification of a good-faith error within the Historical Trade Review and Repurchase Program shall not result in a finding by Virginia that LPL is in default of this Order.

(17) The costs and expenses of the Historical Trade Review and the related Repurchase Program shall be borne exclusively by LPL Financial Holdings Inc. or its direct or indirect subsidiaries, and shall not reduce or otherwise affect the amount of any penalty or fine imposed in this Order.

(18) At LPL's request, the Lead States for all Jurisdictions where necessary and/or the Commission for its own part may extend, for good cause shown, any of the procedural dates set forth in this Section III(B). If the Lead States extend a date or deadline, the Lead States shall extend all related subsequent deadlines that are dependent on the extended date or deadline by a corresponding amount of time. Any extension granted by the Lead States shall apply to all dates in Virginia pursuant to this Order. If the Commission extends a date or deadline (*see, e.g., supra* Section III(B)(12)(a)(i)), then the Commission shall extend all related subsequent deadlines applicable to the completion of undertakings in Virginia by a corresponding amount of time. Any extension by the Commission shall apply only to Virginia and shall not have any effect on any dates or deadlines related to the Historical Trade Review and Repurchase Program in any other Jurisdiction.

C. <u>COMPREHENSIVE REVIEW OF BLUE SKY OPERATIONS, POLICIES, PROCEDURES, AND PRACTICES</u>

(19) No later than July 2, 2018, LPL commenced a comprehensive review of its operations, policies, procedures, and practices relating to compliance with and supervision of blue sky state securities registration requirements in all Jurisdictions, to assess whether the foregoing (i) are adequate to reasonably ensure compliance with applicable state laws, rules, and regulations, (ii) are consistent with industry practice, and (iii) are being implemented fully, properly, and effectively (the "Operational Review") so as to avoid violative transactions like those identified in the Historical Trade Review.

(20) The Operational Review includes the following areas:

a. Compliance and supervisory controls and related policies, procedures and process relating to:

   i. Identification and escalation protocols by supervisory and compliance personnel involving significant matters relating to compliance with state securities laws, rules and regulations;

   ii. Communication and information sharing between departments and business units (e.g., procurement, technology, trading, and retail brokerage) relative to state securities registration requirements and operations processes for ensuring intra- and inter-departmental coordination on matters relating to state securities registration requirements; and

   iii. Training and education of staff, including associated persons of the broker- dealer whether employees or independent contractors, relative to state securities registration requirement.

b. A complete, top-to-bottom review of the onboarding of new securities products for purposes of assessing LPL's ability to comply with all state securities registration requirements, and all operations and procedures in connection with state registration requirements, that apply to the offer and sale of that product;

c. A complete top-to-bottom review of vendor service protocols to ensure processes are in place for identification and management of critical services used to ensure compliance with state securities laws. This will include an assessment of the impact of such products and services on LPL's ability to review transactions for Blue Sky compliance; and

d. Personnel and staffing relative to those functions that relate to compliance with and supervision of state securities registration requirements. Insofar as LPL has represented that it has undertaken to assess and upgrade its talent as it impacts compliance with state securities registration requirements, including the recruitment of an experienced blue sky professional and expert on state securities registration compliance matters, the Operational Review shall assess the experience, responsibilities, and resources available to all personnel hired or reassigned within LPL in connection with ensuring compliance with state securities registration requirements.

(21) The Operational Review shall be conducted by an unaffiliated third party that is not unacceptable to the Lead States (the "Consultant"). The Consultant shall not be a person or entity who has been engaged or retained by LPL between January 1, 2012 and July 1, 2017, for the purpose of conducting any review of similar scope and substance.

a. Upon request, LPL shall provide the Division with copies of all final contracts related to the engagement of the Consultant and any other third-party service provider involved in the Operational Review and the related remediation. LPL shall promptly respond to any additional requests for information by the Division relating to such engagement.

b. LPL shall neither be in nor have an attorney-client relationship with the Consultant, and shall not seek to invoke the attorney-client privilege or any other doctrine or privilege to prevent the Consultant from transmitting any information, reports, or documents as set forth in this Order to the Division or to LPL's Board of Directors.

c. LPL shall not have the authority to terminate the Consultant or any third-party service provider engaged in connection with the Operational Review, without prior written approval from the Lead States.

(22) The Operational Review shall be completed no later than May 1, 2019.

(23) LPL may request confidential treatment be afforded to any material provided by LPL and/or the Consultant to the Division, and the Division shall provide such treatment and seek to prevent public disclosure of those materials to the full extent possible under its laws.

(24) No later than July 1, 2019, LPL shall require that the Consultant submit a report to LPL detailing the results and findings of the Operational Review, including a list of all deficiencies identified and recommendations for addressing such deficiencies.

(25) LPL shall cure all deficiencies identified in the Consultant's report ("Operational Remediation") no later than June 30, 2020.

a. If LPL declines to adopt or implement any recommendation(s) by the Consultant for addressing deficiencies identified during the Operational Review, LPL shall identify the recommendations not adopted or implemented and explain why they were not adopted or implemented.

(26) No later than August 31, 2020, LPL or its designee(s) shall certify to the Lead States that LPL has fully complied in all material respects with the undertakings set forth in Section III(C) of this Order.

(27) The costs and expenses of the Operational Review and Operational Remediation shall be borne exclusively by LPL Financial Holdings Inc. or its direct or indirect subsidiaries, and shall not reduce or otherwise affect the amount of any penalty or fine imposed as part of the Settlement.

(28) At LPL's request, the Lead States may extend, for good cause shown, any of the procedural dates set forth in this Section III(C). If the Lead States extend a date or deadline, the Lead States shall extend all related subsequent deadlines that are dependent on the extended date or deadline by a corresponding amount of time. Each Jurisdiction shall reflect in their Order that any extension granted by the Lead States shall apply in the Jurisdiction. Any extension granted by the Lead States shall apply to all dates in Virginia pursuant to this Order.

D. AUDITS AND INSPECTIONS

(29) The Division shall have the right to conduct on-site audits, inspections, or examinations of LPL to ensure full compliance with the undertakings herein. The cost of any such audit, inspection, or examination shall be borne exclusively by LPL Financial Holdings Inc., or its direct or indirect subsidiaries. The Division will not initiate any such audit, inspection or examination to assess LPL's compliance with the undertakings herein until after LPL has provided the certifications described in Sections III(B)(15), III(B)(16), and III(C)(26) above.

E. CONSTRUCTION AND DEFAULT

(30) This Order is not intended to form the basis for any disqualification from registration as a broker-dealer, investment adviser, or issuer under the laws, rules, and regulations of Virginia, and waives any disqualification from relying upon the securities registration exemptions or safe harbor provisions to which LPL or any of its affiliates may be subject under the laws, rules, and regulations of Virginia.

(31) Nothing in this Order is intended to form the basis for any disqualification under the laws of any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands; under the rules or regulations of any securities or commodities regulator or self-regulatory organizations; or under the federal securities laws, including but not limited to, Section 3(a)(39) of the Securities Exchange Act of 1934 and Regulation A and Rules 504 and 506 of Regulation D under the Securities Act of 1933. Furthermore, nothing in this Order is intended to form the basis for disqualification under the FINRA rules prohibiting continuance in membership or disqualification under other self-regulatory organizations' rules prohibiting continuance in membership. This Order is not intended to be a final order based upon violations of any Virginia statute, rule, or regulation that prohibits fraudulent, manipulative or deceptive conduct.

(32) Except in an action by the Commission to enforce the obligations in this Order, this Order is not intended to be deemed or used as (a) an admission of, or evidence of, the validity of any alleged wrongdoing, liability, or lack of any wrongdoing or liability; or (b) an admission of, or evidence of, any such alleged fault or omission of LPL in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or other tribunal.

(33) If payment is not made by LPL or if LPL defaults in any of its obligations set forth in this Order, the Commission may institute an action to have this agreement declared null and void. Upon issuance of an appropriate order, after a fair hearing, the Commission may reinstitute the action or investigation related to the substance of the Findings of Fact and Conclusions of Law herein.

(34) This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of Virginia without regard to any choice of law principles.

(35) This Order is not intended to state or imply willful, reckless, or fraudulent conduct by LPL, or its affiliates, directors, officers, employees, associated persons, or agents.

(36) LPL, through its execution of this Order, voluntarily waives the right to a hearing on this matter and to an appeal of this Order under §§ 12.1-28 and 12.1-39 of the Code.

(37) LPL 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 LPL to enter into this Order.

(38) This Order shall be binding upon LPL 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.

(39) This case is dismissed and the papers herein shall be placed in the file for ended causes. Dismissal of this matter does not relieve the Defendant of its reporting obligations under this order to any regulatory authority.

CASE NO. SEC-2018-00029
JANUARY 28, 2019

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

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of the Roanoke, Virginia, branch office of UBS Financial Services Inc. ("UBS") (CRD #8174) pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1 501 *et seq.* of the Code of Virginia ("Code").

The Central Registration Depository ("CRD") indicates that UBS (formerly known as PaineWebber) has been registered as a broker-dealer in the Commonwealth of Virginia ("Virginia") since September 22, 1981. In order to offer and sell securities in Virginia, UBS employs registered agents that serve in offices throughout Virginia. The Division specifically reviewed the activity of a former agent previously located at UBS's Roanoke branch.

The Division alleges that at certain times in 2013 through 2014, during the former agent's tenure at UBS, the former agent recommended certain gold and precious metals securities to certain of his clients. After investigating the gold and precious metals investments of the clients of the former agent who made purchases of gold and precious metals during this period, the Division alleges that, as a result of the former agent's recommendations, eighteen clients held or came to hold an overconcentration of said securities when the recommendations were not suitable for some of these clients, in violation of Commission Rule 21 VAC 5-20-280 A 3.

Based upon its investigation, the Division alleges that UBS violated Commission Rule 21 VAC 5-20-280 A 3 which requires that registrants have reasonable grounds to believe that recommendations to a customer for the purchase, sale or exchange of any security are suitable for the customer. Reasonable grounds shall be based upon the risks associated with the particular security and the information obtained through the diligence and inquiry of the broker-dealer and the agent to ascertain the investor's profile. A customer's profile includes, but is not limited to, the customer's investment objectives, financial situation, risk tolerance and needs, tax status, age, other investments, investment experience, investment time horizon, liquidity needs, and other relevant information known by the broker-dealer and the agent.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1 521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

UBS has fully cooperated in the Division's investigation and has provided substantial information as a basis for resolution of the Division's regulatory concerns regarding the former agent's recommendations of gold and precious metals securities. UBS 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, UBS has made an offer of settlement to the Commission wherein UBS will abide by and comply with the following terms and undertakings:

(1) UBS will offer to pay up to the sum of $288,970.20 to up to eighteen (18) identified clients of the former agent ("Offerees") and, within one hundred twenty (120) calendar days of the entry of this Order, UBS will:

> (a) Mail an offer letter, within thirty (30) business days of the entry of this Order, to each Offeree after engaging in reasonable best efforts to identify the Offerees' current mailing addresses;
>
> (b) Provide each Offeree sixty (60) calendar days from the date of the offer letter to accept the payment offered pursuant to this Order. UBS will not be required to pay any Offeree who has not accepted the payment offer within sixty (60) calendar days of the date of the offer letter;
>
> (c) Identify in each offer letter the relevant payment amount being offered; and
>
> (d) Inform each Offeree via the offer letter: that the Offeree has sixty (60) calendar days from the date of the offer letter to accept the offer; that an acceptance of the offer must be conveyed in writing to UBS by signing and returning the offer letter; the phone number and e-mail address of a representative of UBS to contact for payment instructions; and the e-mail and phone number of a contact person at the Division.

(2) UBS will have one hundred twenty (120) calendar days after the last payment to clients to submit to the Division the following information:

(a) The name and address of the Offeree(s), whether the offer was accepted, affirmatively rejected, or deemed rejected due to a failure to locate or timely accept;

(b) The Offeree(s) name(s), date(s), and amount(s) remitted for each offer;

(c) Any special circumstances relevant to the offer (i.e., if the original customer is now deceased and payment was remitted to the customer's heirs or estate); and

(d) The total amount paid to all Virginia residents in connection with the offers required to be made.

(3) UBS will pay to the Treasurer of Virginia the sum of Thirty Thousand Dollars ($30,000) to cover the cost of investigation pursuant to § 13.1-518 of the Act.

The Division has recommended that the Commission accept UBS's offer of settlement.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2018-00035
FEBRUARY 8, 2019

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

SETTLEMENT ORDER

The Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission") conducted an investigation of Lombard Advisers, Inc. ("Lombard") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Lombard is a Maryland corporation registered with the Division as an investment advisor. Lombard has been registered in Virginia as an investment advisor since 1995. Lombard employed Jon Mark Dabareiner ("Dabareiner") starting on November 13, 2017. After Lombard and Dabareiner agreed to certain supervisory terms, Dabareiner was registered as an investment advisor representative on September 18, 2018. Prior to joining Lombard, Dabareiner was registered as an investment advisor representative and/or a broker-dealer agent with numerous firms from October 18, 1988 until September 25, 2017.

The Division alleges that from November 13, 2017 through September 17, 2018, during the time when Dabareiner was not registered with the Division, that Lombard permitted Dabareiner to act as or represent himself as a registered investment advisor representative, by (a) allowing Dabareiner to advertise himself as a registered investment advisor representative on his website; (b) allowing Dabareiner to transfer multiple client accounts from his former firm to Lombard by executing client account applications and investment advisory agreements; and (c) identifying Dabareiner as the account manager for several investment advisory clients on monthly account statements. The Division alleges that each of these activities separately violated § 13.1-504 of the Act and 21 VAC 5-80-200 of the Commission's Rules pertaining to the Act.

The Division further alleges that in permitting the above referenced activities, Lombard not only failed to exercise diligent supervision over the advisory activities of Dabareiner but also failed to enforce its written policies by (a) allowing Dabareiner, an unregistered investment advisory representative, to meet with clients and provide financial advice to clients; and (b) failing to identify and address issues related to client correspondence and documentation in a timely manner. The Division alleges that each of these activities separately violated 21 VAC 5-80-170 and 21 VAC 5-80-200 of the Commission's Rules pertaining to the Act.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-518 A of the Act to impose costs of investigation; by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 of the Act to impose a civil penalty; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein but admits to the Commission's jurisdiction and authority to enter into this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Forty Thousand Dollars ($40,000) in monetary penalties;

(2) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Five Thousand Dollars ($5,000) to defray the costs of investigation in this matter; and;

(3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2018-00036
FEBRUARY 8, 2019

PETITION OF
WELLS FARGO CLEARING SERVICES, LLC d/b/a WELLS FARGO ADVISORS,
Petitioner,
v.
ANN MORTON YOUNG HABLISTON and SEYMOUR R. YOUNG, JR., on the behalf of the
ESTATE OF MARION M. YOUNG AND THE YOUNG FAMILY TRUST, FULCRUM SECURITIES, LLC
CHRISTOPHER MATTHEW CUNNINGHAM, COMMONWEALTH OF VIRGINIA STATE CORPORATION COMMISSION
and FINANCIAL INDUSTRY REGULATORY AUTHORITY,
Respondents.

ORDER

On August 30, 2018, Wells Fargo Clearing Services, LLC d/b/a Wells Fargo Advisors, as successor to Wachovia Securities, LLC ("Wells Fargo"), filed its Petition for Confirmation of Financial Industry Regulatory Authority ("FINRA") Award of Expungement of Record of FINRA Associated Person Thomas Duval ("Petition").[1] Therein Wells Fargo urged the State Corporation Commission ("Commission") to confirm that FINRA may expunge the Central Registration Depository ("CRD") record of Wells Fargo registered representative Thomas DuVal ("DuVal") and to confirm the FINRA Award of Expungement of the Record of all references to a customer complaint from the CRD records against their agent, DuVal. The Petition states that the record should be expunged because (1) there is no regulatory value in including this customer complaint in the record; and (2) expungement should be allowed in the interest of justice and equity.

DuVal was a non-party to a FINRA arbitration proceeding whereby Ann Morton Young Habliston and Seymour R. Young, Jr., on behalf of the Estate of Marion M. Young and the Young Family Trust ("Young Family"), made certain claims to FINRA[2] against Wells Fargo, Fulcrum Securities, LLC, and Christopher Matthew Cunningham. During the FINRA arbitration, the Young Family also made allegations of fraud and deceit against DuVal stemming from a single investment recommendation concerning an annuity product that DuVal made to Marion and Seymour Young in 2002, during which time he was a Wells Fargo registered representative in Virginia. Wells Fargo requested denial of the Young Family's claims in their entirety and expungement of all references to this matter from the CRD records of DuVal.

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[1] *Petition for Confirmation of FINRA Award of Expungement of Record of FINRA Associated Person Thomas DuVal*, Case No. SEC-2018-00036, Doc. Con. Cen. No. 180850113, Petition (Aug. 30, 2018).

[2] The Young Family asserted these causes of action in the FINRA arbitration: breach of fiduciary duty, violation of National Association of Securities Dealers Rules of Fair Practice, breach of contract, constructive fraud, fraud and deceit, violation of certain sections of the Securities and Exchange Act of 1934 and Securities and Exchange Commission, failure to supervise, and intentional infliction of emotional distress. Exhibit A at 2.

On June 5, 2018, FINRA held a hearing concerning the expungement of the CRD record for DuVal. Even though all parties were notified of the hearing, and though counsel for the Young Family participated in setting the hearing date, neither the Young Family nor their counsel participated in the expungement hearing.

On June 18, 2018, the FINRA arbitration concluded with the FINRA panel making various findings in resolution of the Young Family's claims. The panel recommended the expungement of all references to the arbitration from the CRD record for DuVal. The panel found that the claims against DuVal were false, that the annuity DuVal recommended to Marion and Seymour Young met their specified requirements for such an investment product, that the annuity paid 3% or more, that Marion and Seymour Young paid no commission, and that Marion and Seymour Young received an economic benefit from the annuity.[3]

FINRA Rule 2080(a)[4] requires that customer dispute information, such as complaints, be expunged from a CRD record only upon the confirmation or order from a court of competent jurisdiction. In accordance with this rule, the June 18, 2018 FINRA arbitration panel's decision included the recommendation that expungement of references to the Young Family's claims be conditioned upon DuVal obtaining confirmation from a court of competent jurisdiction before the CRD would execute the expungement directive. The Petition was filed by Wells Fargo with this Commission pursuant to this recommendation since the Commission is the appropriate court of competent jurisdiction in this matter.

On September 18, 2018, the Commission issued a Scheduling Order directing the Young Family, Fulcrum Securities, LLC, Christopher Matthew Cunningham, the Commission, and FINRA (collectively, "Respondents") to file responses to the Petition and directing Wells Fargo to file a Reply to any responses.

On October 22, 2018, the Commission's Division of Securities and Retail Franchising ("Division") filed a timely response to the Petition. Therein the Division stated that it would not oppose the requested expungement because: (1) the Young Family's allegations were unsupported in the FINRA expungement hearing; (2) the evidence presented by Wells Fargo at the FINRA arbitration hearing was that the securities offered and sold by DuVal was suitable for Seymour and Marion Young; and (3) the Young Family, after being given notice and an opportunity to appear, failed to appear and refute the testimony provided at the arbitration hearing.

On October 22, 2018, the Young Family filed a response to the Petition.[5] The Young Family's Response argued that the Petition should not be granted because: (1) DuVal should have known that the annuities that Marion and Seymour Young were placed in were grossly unsuitable for them due to their age (both over 80); and (2) that the investment did not provide an economic benefit to Marion and Seymour Young.

No other Respondents filed a response.

On November 8, 2018, Wells Fargo filed a reply[6] to the response of the Young Family. Wells Fargo asserted that the Young Family's Response was unsupported by the record in the FINRA arbitration.[7] Additionally, Wells Fargo asserted that since the Young Family had failed to file an opposition during the FINRA arbitration hearing, the Young Family had waived opposition to the Petition and was bound by the FINRA arbitration panel's findings and determinations.[8]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Petition should be granted, that the FINRA Award of Expungement issued on June 18, 2018, should be confirmed, and that this case should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The Petition is granted.

(2) The matter is dismissed from the Commission's docket, and the papers herein shall be placed in the file for ended causes.

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[3] Ex. A at 6-7.

[4] FINRA Manual, FINRA Rules 2000 Duties and Conflicts, 2080 Obtaining an Order of Expungement of Customer Dispute Information from the Central Registration Depository (CRD) System ("Rule 2080"), Adopted by SR-NASD 2002-158, eff. April 12, 2004, amended by SR-NASD 2003-200, eff. April 12, 2004, amended by SR-FINRA 2009-016, eff. August 17, 2009.

[5] *Estates of Marion and Seymour Young and Young Family Trust Opposition to Petition for Confirmation of FINRA Award of Expungement of Record of FINRA Associated Person Thomas DuVal* ("Youngs Family's Response"), Doc. Con. Cen. No. 181050160.

[6] *Reply in Support of Petition For Confirmation of FINRA Award of Expungement of Record of FINRA Associated Person Thomas DuVal* ("Reply"), Doc. Con. Cen. No. 181120238.

[7] Reply at 2-4.

[8] Reply at 4-6.

CASE NO. SEC-2018-00038
JUNE 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
MOONLIGHTING, INC. F/K/A MOONLIGHTING LLC,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Moonlighting, Inc. f/k/a Moonlighting LLC ("Moonlighting") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Moonlighting is a Delaware corporation,[1] but at the time the Division opened its investigation, was a Virginia limited liability company with a last known address of 971 Second Street, SE, Suite 304, Charlottesville, Virginia 22902.

The Division alleges that the Defendant offered and sold a security covered under § 18 (b)(4)(D) of the Securities Act of 1933 (15 USC § 77r(b)(4)(D)) and did not file a Securities and Exchange Commission ("SEC") Form D within fifteen (15) days of the first sale of such security in Virginia as required by the Commission.

Based on the investigation, the Division alleges the Defendant violated 21 VAC 5-45-20 (A) (1) of the Commission's Rules regarding Federal Covered Securities, 21 VAC 5-45-10 *et seq*., by not filing a SEC Form D with the Commission within fifteen (15) days of the first sale in Virginia.

If the provisions of the Act or the Commission's rules are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; 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 to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein, but admits to the Commission's jurisdiction and authority to enter into this Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of Virginia, within ten (10) business days of the entry of this Order, the amount of Four Thousand Dollars ($4,000) in monetary penalties;

(2) The Defendant will pay to the Treasurer of Virginia, within ten (10) business days of the entry of this Order, the amount of Three Thousand Dollars ($3,000) to defray the costs of investigation in this matter; and

(3) The Defendant agrees to comply with the Act and the Commission's rules prior to making any additional offerings in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

[1] Moonlighting LLC merged into Moonlighting, Inc., a Delaware corporation, on October 26, 2018.

CASE NO. SEC-2018-00041
NOVEMBER 20, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
DENTAL FIX RX, LLC and DAVID LOPEZ,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Dental Fix Rx, LLC, formerly known as Dentalfix Rx, LLC ("Dental Fix"), and David Lopez ("Lopez") (collectively, the "Defendants") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia ("Code").

Dental Fix is a Florida limited liability company with a last known address of 4380 Oakes Road, Suite 800, Davie, Florida 33314, that was originally organized in New Jersey on June 26, 2009. Lopez is the chief executive officer and co-founder of Dental Fix. Dental Fix offers and sells franchises providing dental equipment repair services to dentists in specific geographic territories and sells new dental equipment.

Dental Fix was registered as a franchise under the Act in 2013. The Division alleges that from 2013 through 2016, Dental Fix and Lopez offered and sold six franchises to be operated in Virginia to six Virginia residents ("Virginia Franchisees"). The Division alleges the Defendants failed to disclose in the franchise disclosure document that Lopez was chief executive officer of a franchise that entered into a settlement with the Commission (SEC-2008-00105)[1] as required under § 13.1-563 (2) of the Act.

The Division further alleges that from 2013 through 2016, Dental Fix's website contained misrepresentations of franchise revenue forecasts that the Virginia Franchisees relied upon when purchasing the franchise in violation of § 13.1-563 (2) of the Act.

Additionally, the Division alleges that Dental Fix further violated § 13.1-563 (2) of the Act when certain employees of Dental Fix made untrue statements of material facts or omitted material facts in the offer and sale of franchises to the Virginia Franchisees by making representations about the potential monthly franchise revenues that failed to include: (1) the number of customers, (2) the number of competitors within the franchise territories, (3) the level of sales and service experience needed, and (4) the level of training and dental experience needed to make the franchise successful.

Based on the investigation, the Division alleges the Defendants violated § 13.1-563 (2) of the Act by making untrue statements of material facts or omitting to state a material fact necessary in order to avoid misleading the offerees in the sale or offer to sell a franchise.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny the allegations made herein but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will make an offer of rescission ("Offer") to the Virginia Franchisees within seven (7) days of the entry of this Order. The Virginia Franchisees will have thirty (30) days to accept the Offer. If the Virginia Franchisees accept the Offer, the Defendants will pay each Virginia Franchisee who accepts the Offer the particular amount referenced for such Virginia Franchisee on a previously agreed upon payment schedule within thirty (30) days of such acceptance and the execution by each accepting Virginia Franchisee of a legal release using a form release ("Release"). The maximum amount of restitution that shall be owed by Defendants is One Hundred Twenty-two Thousand Five Hundred Dollars ($122,500) if all five current Virginia Franchisees accept the Offer. In addition, the Defendants shall pay Twelve Thousand Five Hundred Dollars ($12,500) in restitution to a former Virginia Franchisee within thirty (30) days of the execution of a Release by this former Virginia Franchisee.

(2) Within thirty (30) days of each of the potential payments identified in paragraph (1) above, the Defendants will submit to the Division a copy of the payment transmittal or other proof of payment to the Virginia Franchisees containing the date in which payment was made, the payment amount, and the date the payment was sent to the Virginia Franchisees;

(3) The Defendants will not direct any current franchisee to have contact with prospective Virginia franchisees prior to a franchise sale, and current franchisees' revenues will not appear in or be referenced in any online or other solicitation advertisement that is accessible by prospective Virginia franchisees;

(4) The Defendants will pay to the Treasurer of Virginia, within five (5) days after the entry of this Order, the amount of Twelve Thousand Dollars ($12,000) in monetary penalties;

(5) The Defendants will pay to the Treasurer of Virginia, within five (5) days after the entry of this Order, the amount of Five Thousand Dollars ($5,000) to defray the costs of investigation in this matter; and

(6) The Defendants will not violate the Act in the future.

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[1] *Commonwealth of Virginia, ex rel., State Corporation Commission v. Froots Franchising Companies, Inc.,* Case No. SEC-2008-00105, 2009 SCC Ann. Rept. 587, Settlement Order (Jan. 9, 2009).

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2018-00045
SEPTEMBER 20, 2019

IN THE MATTER OF
WORLD TREND FINANCIAL PLANNING SERVICES, LTD.,
Defendant

SETTLEMENT ORDER

The Division of Securities and Retail Franchising (the "Division") for the State Corporation Commission of Virginia (the "Commission") conducted an investigation of World Trend Financial Planning Services, Ltd., CRD No. 28289 ("World Trend," the "Firm," or the "Defendant"), pursuant to § 13.1-518 of the Virginia Securities Act (the "Act"), § 13.1-501 *et seq.* of the Code of Virginia (the "Code").

World Trend is an Iowa corporation whose principal office is located at 221 Third Avenue SE, Suite 215, Cedar Rapids, Iowa 52401.

The Division alleges that, without properly registering with the Division, World Trend and its agents, Timothy Terry, Donna Sanders, and Jeremy Mead (the "World Trend Agents"), acted as an unregistered broker-dealer and unregistered broker-dealer agents for the accounts of two Virginia clients, in violation of § 13.1-504 (A) of the Act. World Trend also violated § 13.1-504 (B) of the Act by employing the unregistered World Trend Agents.

The Division further alleges that World Trend's failure to ensure that the World Trend Agents were properly registered to act as broker-dealer agents for the accounts of these Virginia clients constituted (a) the failure to exercise diligent supervision over the securities activities of the Firm's agents, in violation of 21 VAC 5-20-260 (B) of the Rules for Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.* ("Rule(s)"); and (b) the failure to establish, maintain, and enforce the Firm's written procedures, in violation of Rule 21 VAC 5-20-260 (D).

Lastly, the Division alleges that World Trend did not maintain up-to-date account documents with respect to these Virginia clients' accounts and thus failed to make and keep true, accurate, and current books and records in violation of Rule 21 VAC 5-20-240.

If provisions of the Act and its associated Rules are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary and permanent injunctions; by § 13.1-521 (A) of the Act to impose civil penalties; by § 13.1-518 (A) of the Act to impose costs of the investigation; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein, but admits to the Commission's jurisdiction and authority to enter this Order.

In order to settle the matter arising from these allegations, the Defendant has made an offer of settlement to the Commission, wherein the Defendant has agreed to the following terms:

(1) The Defendant will pay the sum of Thirty-Six Thousand One Hundred Dollars ($36,100) in monetary penalties to the Treasurer of Virginia;

(2) The Defendant will pay the sum of Three Thousand Nine Hundred Dollars ($3,900) in costs of investigation to the Treasurer of Virginia;

(3) The Defendant will make the aforesaid payments of monetary penalties and costs of investigation contemporaneously with the entry of this Order; and

(4) The Defendant will not violate the Act in the future.

The Division has recommended that, pursuant to § 12.1-15 of the Code, the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

(3) This Order is not intended to subject any Covered Person to any disqualifications under the laws of the United States, any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands, or under the rules or regulations of any securities or commodities regulator or self-regulatory organization, including without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions. "Covered Person" means World Trend or any of its affiliates and their current or former officers, directors, employees, or other persons that could otherwise be disqualified as a result of this Order.

(4) This case is dismissed, and the papers herein shall be placed in the file for ended causes. Dismissal of this case, however, does not relieve the Defendant of any regulatory reporting obligations.

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

CASE NO. SEC-2018-00048
MARCH 1, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
DOWNUNDER HORSEMANSHIP FRANCHISING, LLC d/b/a DOWNUNDER HORSEMANSHIP,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Downunder Horsemanship Franchising, LLC d/b/a Downunder Horsemanship ("Downunder" or the "Defendant") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia ("Code").

Downunder, a Texas limited liability company, offers and sells franchises that provide horse training services for horse owners. On August 28, 2017, Downunder filed a franchise registration application with the Division seeking to offer or sell franchises in the Commonwealth of Virginia ("Virginia"). The Division alleges that while Downunder's application was pending, the Defendant sold one unregistered franchise to a Virginia franchisee ("Virginia Franchisee") for operation in Virginia.

The Division also alleges that Downunder failed to provide the Virginia Franchisee a Franchise Disclosure Document ("FDD") cleared for use by the Division in connection with the unregistered sale. A cleared FDD provides material information to prospective franchisees for them to make an informed decision regarding the purchase of a franchise. Because Downunder did not provide a properly cleared FDD to the Virginia Franchisee, the Division alleges that regulatory oversight was circumvented.

Based on its investigation, the Division alleges that Downunder violated § 13.1-560 of the Act by selling or offering to sell a franchise in Virginia without being registered under the provisions of the Act. The Division further alleges that Downunder violated § 13.1-563 (4) (ii) of the Act by failing to provide the Virginia Franchisee with a properly cleared FDD in conjunction with the offer and sale of the franchise.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

Prior to the entry of the Settlement Order ("Order"), Downunder made an offer of rescission by letter dated October 19, 2018, which the Virginia Franchisee declined.

The Defendant neither admits nor denies the allegations made herein but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Two Thousand Dollars ($2,000) to defray the costs of investigation.

(2) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Four Thousand Dollars ($4,000) in monetary penalties.

(3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

Dismissal of this case does not relieve the Defendant of its reporting obligations to any regulatory authority.

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

CASE NO. SEC-2019-00001
JANUARY 23, 2019

APPLICATION OF
CHURCH OF GOD BY FAITH FINANCIAL SOLUTIONS, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Church of God by Faith Financial Solutions, Inc. ("COGBFFS"), which the Commission received September 26, 2018, as amended, with attached exhibits. The application requested that COGBFFS's certificates ("Certificates") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia, and that the officers, employees and directors of COGBFFS 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) COGBFFS is a Florida corporation operating not for private profit but exclusively for religious and charitable purposes; (ii) COGBFFS intends to offer and sell its Certificates in an approximate aggregate amount of up to $5 million on terms and conditions more fully described in the Offering Circular filed as a part of the application; and (iii) said Certificates are to be offered and sold by officers, employees and directors of COGBFFS who will not be compensated for their sales efforts.

Based on the facts asserted by COGBFFS in the written application, as amended, and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER, pursuant to the provisions of § 13.1-514.1 B of the Act, that the securities described above are exempt from the securities registration requirements of the Act and that the officers, employees and directors of COGBFFS are exempt from the agent registration requirements of § 13.1-504 of the Act.

CASE NO. SEC-2019-00002
FEBRUARY 21, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARK MAIEWSKI and SAFE MONEY SOLUTIONS, LLC,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Mark Maiewski ("Maiewski") and Safe Money Solutions, LLC ("Safe Money") (collectively, the "Defendants"), who offered and sold securities for two companies, Future Income Payments, LLC ("FIP") and Woodbridge Group of Companies ("Woodbridge"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Safe Money is a Virginia limited liability company with a last known address of 2988 Shaw Street, Asheboro, North Carolina 27205, and Maiewski is the registered agent and owner of Safe Money. Safe Money has been registered with the Commission's Clerk's Office since March 2014. Maiewski has been registered with the Commission as an insurance agent since December 2000.

FIP and Woodbridge are California entities. Maiewski was a referring and selling agent of both FIP and Woodbridge. While serving as a referring agent, Maiewski allegedly offered and sold Woodbridge securities to 12 Virginia investors. The Woodbridge securities were offered and sold in the form of Participation Agreements totaling $808,950. Additionally, Maiewski sold FIP Promissory Notes to at least one Virginia investor totaling $50,000. Neither the FIP nor the Woodbridge securities were registered with the Commission's Division at the time the Defendants offered and sold them to Virginia residents. The Division alleges that each of these offers and sales separately violated § 13.1-507 of the Act. In addition, the Defendants were not registered under § 13.1-504 (A) of the Act to offer and sell securities in Virginia.

The Division further alleges that Maiewski represented himself as a Real Estate Mortgage Advisor and received a fee from Woodbridge for each investment he referred. As a licensed insurance agent, Maiewski is not licensed to offer or sell securities. Both the FIP and Woodbridge securities were recommended to investors as secure investments; however, neither of the securities was secured in any manner.

Based on the investigation, the Division alleges the Defendants violated § 13.1-502 (2) of the Act by unlawfully offering and selling securities, directly or indirectly, to obtain 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; § 13.1-504 (B) of the Act by employing an unregistered agent in the offer and sale of securities; and § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-521 of the Act to impose a civil penalty, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

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 Five Thousand Dollars ($5,000) in restitution to one Virginia investor in the form of certified funds contemporaneously with the entry of this Order;

(2) The Defendants will pay a total of Ten Thousand Dollars ($10,000) in restitution to ten (10) additional Virginia investors, to be divided equally among each Virginia investor ($1,000 payable to each of the ten (10) Virginia investors) in the form of certified funds contemporaneously with the entry of this Order;

(3) Within 30 (thirty) days of each payment identified in (1) and (2) above, the Defendants will submit to the Division a copy of the payment transmittal or other proof of payment to the Virginia investors, containing the date in which payment was made, the payment amount and the date the payment was sent to the Virginia investors; and

(4) The Defendants will provide a copy of this Settlement Order to all Virginia investors.

The Defendants neither admit nor deny the allegations herein but admit to the Commission's jurisdiction and authority to enter into this Order.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00004
FEBRUARY 4, 2019

APPLICATION OF
CALVARY CHAPEL NEWPORT NEWS

For registration of securities pursuant to § 13.1-510 of the Code of Virginia

ORDER EFFECTING REGISTRATION OF SECURITIES BY QUALIFICATION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Calvary Chapel Newport News ("CCNN") dated November 30, 2018, as amended, and with attached exhibits, requesting that First Mortgage Bonds, 2018 Series ("Bonds"), be registered by qualification pursuant to § 13.1-510 of the Virginia Securities Act, § 13.1-501 *et seq*. of the Code of Virginia. The requisite fee of Five Hundred Dollars ($500) has been paid.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) CCNN is a Virginia nonprofit corporation formed on November 27, 2002; and (ii) CCNN intends to offer and sell Bonds for an aggregate amount of up to $6,000,000. The Bonds will be issued in denominations of $1,000. The Bonds will be offered and sold by registered broker-dealers.

NOW THE COMMISSION, based on the facts asserted by CCNN in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in the Commonwealth of Virginia through a prospectus, a copy of which is filed as a part of the record.

CASE NO. SEC-2019-00006
APRIL 5, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
VICKIE ABBITT COSTELLO,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Vickie Abbitt Costello ("Costello"), who offered and sold securities for Woodbridge Group of Companies ("Woodbridge"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Costello is a Virginia resident with a last known address of 4658 Brambleton Avenue, Roanoke, Virginia 24018.

The Division alleges that Costello offered and sold unregistered Woodbridge securities in the form of Participation Agreements to five (5) Virginia investors ("Virginia Investors") without being registered to offer or sell securities in Virginia.

Based on the investigation, the Division alleges Costello violated § 13.1-504 (A) of the Act by offering and selling securities in Virginia while not registered with the Commission to transact such business and § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein but admits to the Commission's jurisdiction and authority to enter into 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 a total of Forty-one Thousand Seven Hundred Forty-eight Dollars and Eighty Cents ($41,748.80) in restitution to five (5) Virginia Investors, in proportion to the amount invested, in the form of certified funds within one (1) year of the entry of this Order;

(2) Within fifteen (15) days of each payment identified in paragraph (1) above, the Defendant will submit to the Division a copy of the payment transmittal or other proof of payment to the Virginia Investor, containing the date in which payment was made, the payment amount and the date the payment was sent to the Virginia Investor; and

(3) The Defendant will provide a copy of this Settlement Order to all Virginia investors.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00009
MARCH 19, 2019

APPLICATION OF
NATIONAL COVENANT PROPERTIES

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of National Covenant Properties ("NCP"), which the Commission received on February 28, 2019, with attached exhibits. The application requested that 5-Year Fixed Rate Renewable Certificates, 30-Month Fixed Rate Renewable Certificates, Variable Rate Certificates, 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 the officers of NCP 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) NCP is an Illinois corporation operating not for private profit but exclusively for religious, charitable, and educational purposes; (ii) NCP intends to offer and sell the Certificates in an approximate aggregate amount of up to $125,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by officers of NCP who will not be compensated for their sales efforts; and (iv) NCP will discontinue issuer transactions for all certificates previously exempted by the Commission upon the grant of the exemption for the offering of the Certificates described herein.

Based on the facts asserted by NCP in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER, that the securities described above are exempt from the securities registration requirements of the Act and that the officers of NCP are exempt from the agent registration requirements of § 13.1-504 of the Act.

CASE NO. SEC-2019-00014
JUNE 18, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
KIM BUTLER,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Kim Butler ("Butler"), who allegedly offered and sold securities for Woodbridge Group of Companies ("Woodbridge"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Butler is a Texas resident with a last known address of 22790 US Highway 259 South, Mount Enterprise, Texas 75681.

The Division alleges that Butler offered and sold unregistered Woodbridge securities in the form of a Participation Agreement to five (5) Virginia investors ("Virginia Investors") without being registered to offer or sell securities in Virginia.

Based on the investigation, the Division alleges Butler violated § 13.1-504 (A) of the Act by offering and selling securities in Virginia when the Defendant was not registered with the Commission to transact such business and § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein, but admits to the Commission's jurisdiction and authority to enter into this 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 a total of Eleven Thousand Three Hundred Ninety-One Dollars and Seventy-Seven Cents ($11,391.77) in restitution to five (5) Virginia Investors, in proportion to the amount invested, as directed by the Division, in the form of certified funds within sixty (60) days of the entry of this Order;

(2) Within fifteen (15) days of such payments identified in paragraph (1) above, the Defendant will submit to the Division a copy of the payment transmittal or other proof of payment to the Virginia Investor, containing the date in which payment was made, the payment amount and the date the payment was sent to the Virginia Investor; and

(3) The Defendant will provide a copy of this Order to the Virginia Investors.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00015
MAY 24, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
DENNIS DRAKE,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Dennis Drake ("Drake"), who offered and sold securities for Woodbridge Group of Companies ("Woodbridge"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Drake is a Delaware resident with a last known address of 906 Highland Avenue, Bellefonte, Delaware 19809.

The Division alleges that Drake offered and sold unregistered Woodbridge securities in the form of a Participation Agreement to one (1) Virginia investor ("Virginia Investor") without being registered to offer or sell securities in Virginia.

Based on the investigation, the Division alleges Drake violated § 13.1-504 (A) of the Act by offering and selling securities in Virginia when the Defendant was not registered with the Commission to transact such business and § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein, but admits to the Commission's jurisdiction and authority to enter into this 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 a total of Four Thousand Dollars ($4,000) in restitution to one (1) Virginia Investor in the form of certified funds within thirty (30) days of the entry of this Order;

(2) Within fifteen (15) days of such payment, the Defendant will submit to the Division a copy of the payment transmittal or other proof of payment to the Virginia Investor, containing the date in which payment was made, the payment amount and the date the payment was sent to the Virginia Investor; and

(3) The Defendant will provide a copy of this Order to the Virginia Investor.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00017
JULY 25, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
BIERY, LLC d/b/a MADSEN DONUTS
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Biery, LLC d/b/a Madsen Donuts ("Biery" or the "Defendant") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia ("Code").

Biery is an Ohio limited liability company. Biery conducts business under the name Madsen Donuts. Biery offers and sells franchises that provide doughnuts, coffee, and similar items to the public. Biery has never been registered with the Division to sell or offer to sell a franchise in the Commonwealth of Virginia ("Virginia").

Based on its investigation, the Division alleges that in 2018 Biery violated § 13.1-560 of the Act by selling one franchise to be opened and operated in Virginia to a Virginia resident ("Virginia Franchisee") during a time when Biery was not registered with the Division, as required.

Further, the Division alleges that Biery also violated § 13.1-563 (4) (ii) of the Act by failing to provide the Virginia Franchisee a Franchise Disclosure Document reviewed and cleared for use by the Division in connection with the unregistered sale.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

Prior to the entry of this Order, Biery made an offer of rescission ("Offer") to the Virginia Franchisee. The Virginia Franchisee accepted the Offer, and Biery agreed to pay the rescission amount of Twenty-five Thousand Dollars ($25,000) pursuant to the schedule identified below.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay a total amount of Twenty-five Thousand Dollars ($25,000) in rescission to the Virginia Franchisee ("Rescission Amount");

(2) As of the entry of this Order, the Defendant has paid Three Thousand Dollars ($3,000) of the Rescission Amount to the Virginia Franchisee;

(3) The remaining Twenty-two Thousand Dollars ($22,000) of the Rescission Amount will be paid to the Virginia Franchisee within fourteen (14) days after the entry of this Order;

(4) The Defendant will pay to the Treasurer of Virginia the amount of Twenty-five Thousand Dollars ($25,000) in monetary penalties on or before August 15, 2019. However, the penalty amount will be waived if the Defendant pays the remaining Twenty-two Thousand Dollars ($22,000) of the Rescission Amount to the Virginia Franchisee within the time specified in paragraph (3) above;

(5) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Two Thousand Dollars ($2,000) to defray the costs of investigation in this matter;

(6) The Defendant will provide a copy of this Order to the Virginia Franchisee; and

(7) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00018
APRIL 18, 2019

APPLICATION OF
MISSION INVESTMENT FUND OF THE EVANGELICAL LUTHERAN CHURCH IN AMERICA

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Mission Investment Fund of the Evangelical Lutheran Church in America ("Mission Fund"), which the Commission received on April 1, 2019, with attached exhibits. The application requested that Mission Fund's Demand Investments, Fixed and Adjustable Interest Term Investments, MIF4KIDZ Investments, and IRA/CESA/HSA program (collectively, "Mission Investments") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) Mission Fund is a Minnesota corporation operating not for private profit but exclusively for religious purposes; (ii) Mission Fund intends to offer and sell the Mission Investments in an approximate aggregate amount of up to $400 million on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by registered agents of Mission Fund who will not be compensated for their sales efforts; and (iv) Mission Fund will discontinue issuer transactions for all securities previously exempted by the Commission upon the grant of the exemption for the offering of the Mission Investments described herein.

Based on the facts asserted by Mission Fund in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER that the securities described above are exempt from the securities registration requirements of the Act. IT IS FURTHER ORDERED that Mission Fund will discontinue issuer transactions for all securities previously exempted by the Commission.

CASE NO. SEC-2019-00019
APRIL 18, 2019

APPLICATION OF
COLUMBIA UNION REVOLVING FUND

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Columbia Union Revolving Fund ("CURF"), which the Commission received on April 1, 2019, with attached exhibits. The application requested that CURF's 90-day Demand Promissory Notes ("Notes") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia.

Based upon the information submitted, the following facts appear to exist, in addition to others not enumerated herein: (i) the CURF is a Delaware corporation operating not for private profit but exclusively for religious, charitable and educational purposes; (ii) the CURF intends to offer and sell the Notes in an approximate aggregate amount of up to $40 million on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by registered agents of the CURF; and (iv) the CURF will discontinue issuer transactions for all notes previously exempted by the Commission upon the grant of the exemption for the offering of the Notes described herein.

Based on the facts asserted by the CURF in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER, that the securities described above are exempt from the securities registration requirements of the Act. IT IS FURTHER ORDERED that the CURF will discontinue issuer transactions for all notes previously exempted by the Commission.

CASE NO. SEC-2019-00020
MAY 29, 2019

APPLICATION OF
CAPITAL IMPACT PARTNERS

For registration of securities pursuant to § 13.1-510 of the Code of Virginia

ORDER EFFECTING REGISTRATION OF SECURITIES BY QUALIFICATION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Capital Impact Partners ("Capital"), dated March 29, 2019, with attached exhibits, requesting that Capital Impact Investment Notes ("Notes") be registered by qualification pursuant to § 13.1-510 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia. The requisite fee of Five Hundred Dollars ($500) has been paid.

Based upon the information submitted, the following facts, in addition to others not enumerated herein, appear to exist: (i) Capital is a District of Columbia corporation formed on December 30, 1982; and (ii) Capital intends to offer and sell Notes for an aggregate amount of up to $150 million. The Notes will be offered and sold by registered broker-dealers.

NOW THE COMMISSION, based on the facts asserted by Capital in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, is of the opinion and finds, and does hereby ADJUDGE and ORDER that, the securities described above are registered for offer and sale in the Commonwealth of Virginia through a prospectus, a copy of which is filed as a part of the record.

CASE NO. SEC-2019-00021
MAY 1, 2019

APPLICATION OF
THE SOLOMON FOUNDATION

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of The Solomon Foundation ("Foundation"), which the Commission received April 9, 2019, with attached exhibits. The application requested that the Foundation's Demand Certificates and Time 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 officers and employees of the Foundation 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 Foundation is a Colorado corporation operating not for private profit but exclusively for religious and charitable purposes; (ii) the Foundation intends to offer and sell the Certificates in an approximate aggregate amount of up to $400 million on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by officers and employees of the Foundation who will not be compensated for their sales efforts; and (iv) the Foundation will discontinue issuer transactions for all securities previously exempted by the Commission upon the grant of the exemption for the offering of the Certificates described herein.

Based upon the facts asserted by the Foundation in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER, pursuant to the provisions of § 13.1-514.1 B of the Act, that the securities described above are exempt from the securities registration requirements of the Act and that the officers and employees of the Foundation are exempt from the agent registration requirements of § 13.1-504 of the Act. IT IS FURTHER ORDERED that the Foundation will discontinue issuer transactions for all securities previously exempted by the Commission.

CASE NO. SEC-2019-00022
JUNE 18, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
BOBBY D. HINES, JR.,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Bobby D. Hines, Jr. ("Hines"), who allegedly offered and sold securities for Woodbridge Group of Companies ("Woodbridge"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Hines is a Virginia resident with a last known address of 210 Stratford Drive, Colonial Heights, Virginia 23834. Hines has been registered with the Commission's Division as an investment advisor since September 2006. Hines is an active member of the Virginia State Bar in good standing, a Virginia Certified Public Accountant, a Certified Financial Planner, and an investment advisor representative of Hines Financial Services, Inc. (a Virginia Registered Investment Adviser).

The Division alleges that Hines offered and sold unregistered Woodbridge securities in the form of Participation Agreements to numerous Virginia investors ("Virginia Investors") without being registered to offer or sell securities in Virginia.

Based on the investigation, the Division alleges Hines violated § 13.1-504 (A) of the Act by offering and selling securities in Virginia when the Defendant was not registered with the Commission to transact such business and § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein, but admits to the Commission's jurisdiction and authority to enter into this 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 a total of One Hundred Thousand Dollars ($100,000) in restitution to certain of his clients identified by the Division, in proportion to the amount invested, as directed by the Division, in the form of certified funds within three (3) years of the entry of this Order;

(2) Within fifteen (15) days of each payment identified in paragraph (1) above, the Defendant will submit to the Division a copy of the payment transmittal or other proof of payment to the Virginia Investor, containing the date in which payment was made, the payment amount and the date the payment was sent to the Virginia Investor; and

(3) The Defendant will provide a copy of this Order to all Virginia Investors.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00024
JUNE 27, 2019

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

Ex Parte: In the matter of Adopting a Revision to the Rules Governing the Virginia Securities Act

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction. Section 13.1-523 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of the Act.

The rules and regulations issued by the Commission pursuant to the Act are set forth in Title 21 of the Virginia Administrative Code. A copy also may be found at the Commission's website: http://www.scc.virginia.gov/case.

Proposed Revision to Chapter 20. Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer. Prohibited Business Conduct

Under certain provisions of Chapter 20, a broker-dealer is required to make securities trades and disburse funds from customer accounts within a prescribed period of time. The proposed amendment to Chapter 20 provides for an exception to these provisions to allow broker-dealers to protect vulnerable customers from potential financial exploitation by permitting the broker-dealer to delay or refuse such transactions and disbursements.

Financial exploitation is the fastest growing category of elder abuse in many states. It is estimated that one in every five older adults have been victimized by financial fraud. These frauds can be perpetrated by strangers, con artists, or even family members and caregivers in whom these adults place their trust. During the 2019 General Assembly, the legislature addressed the growing issue of financial exploitation of vulnerable adults by passing a new subsection L to § 63.2-1606 of the Code for the Protection of Aged or Incapacitated Adults.

This new subsection allows financial institutions to delay transactions and refuse disbursements from the accounts of vulnerable adults where the financial institution suspects financial exploitation. With this new subsection a broker-dealer's staff can report any information or records to the appropriate authorities if the staff has a good faith belief that the transaction or disbursement may involve financial exploitation of such adults. If the broker-dealer staff follows the requirements of the new subsection, they will be immune from civil or criminal liability, absent gross negligence or willful misconduct.

To effectuate the new statute subsection, the Division of Securities and Retail Franchising ("Division") proposes to add a subsection E to Commission Rule 21 VAC 5-20-280. The new subsection would allow a broker-dealer to delay distributions or refuse transactions if the broker-dealer complies with § 63.2-1606 L of the Code.

In addition, Documents Incorporated by Reference in Chapter 21 VAC 5-20-280 contain revisions to certain rules pertaining to continuing education adopted by federal self-regulatory organizations, including rule revisions for: (1) one revised effective October 1, 2018, by the Financial Industry Regulatory Authority ("FINRA"); (2) one revised effective October 1, 2018. by the New York Stock Exchange (superseded by new FINRA rule); and (3) one revised by the Municipal Securities Rulemaking Board.

Proposed Revision to Chapter 80. Investment Advisors.

A. Dishonest or Unethical Practices.

I. Proposed New Subsection E. Just as with the broker-dealers, the new legislation protecting vulnerable adults from financial exploitation, the Division proposes that new § 63.2-1606 L of the Code apply to the practices of investment advisors. Investment advisors are charged with acting in the best interests of their clients and should do all they can to protect them from financial exploitation. The Division proposes to add a subsection under the Dishonest or Unethical Practices of Chapter 80 to the provide investment advisors the same relief under § 63.2-1606 L of the Code as the Division proposes for broker-dealers.

II. Proposed New Subsection F. Over twenty years ago, investors had a choice of investing with a firm that required arbitration or one that recognized a judicial forum for disputes. Today, almost all financial services contracts offered by broker-dealers includes a mandatory predispute arbitration provision that forces public investors to submit all disputes that they may have to mandatory arbitration. Many investors are not aware of this provision, nor do they have a choice, as all disputes are conducted through a single securities arbitration forum maintained by the securities industry.

In 1996, the United States ("U.S.") Congress ("Congress") passed legislation entitled the National Securities Markets Improvement Act ("NSMIA").[1] NSMIA effectively divided the regulation of investment advisors between the U.S. Securities and Exchange Commission ("SEC") and the states. In general, primary jurisdiction of investment advisors (known as state-covered advisors) with less than $100 million in assets under management fall under state regulation.

However, the state-covered investment advisors are now including boilerplate mandatory arbitration provisions in their clients' contracts. The Division believes, as do many other states, that these "take-it-or-leave-it" clauses in client contracts is inherently unfair to investors. It is particularly unfair when an investment advisor is required by law to act in the best interests of their clients. An investment advisor should not be allowed to force clients to bring any disputes to a forum of the investment advisor's choosing by contract.

Therefore, the Division proposes to add a new subsection F to the Dishonest or Unethical Practices section of Chapter 80 to prohibit mandatory arbitration clauses in investment advisory contracts. There is nothing to prevent the investment advisor and their client from agreeing to arbitrated disputes after negotiation and discussion between each. To require mandatory arbitration in standard investment advisor contracts is contrary to the investment advisors mandate to act in the best interest of their clients.

B. Proposed Investment Advisor Information Security and Privacy Rule.

In recent years, both state and federal regulators have been concerned about data privacy and security in the financial markets. By a vote of its members on May 18, 2019, the North American Securities Administrators Association ("NASAA"),[2] adopted a model rule to address the basic structure for how state-registered investment advisors may design their information security policies and procedures. The new Model Rule requires investment advisors to adopt policies and procedures regarding information security and to deliver its privacy policy annually to clients. The Model Rule was adopted to create uniformity in both state regulation and state-registered investment advisors.

I. **Proposed New Section 260**. **Information Security and Privacy**. This new section will be added to the rules for investment advisors to establish the minimum policies and procedures to protect client information and provide information privacy. The current Commission rules require the delivery of the investment advisor's privacy policy on a yearly basis, but the proposed new rule would further refine that requirement. In addition, the model rule adds the new requirements for client information security.

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[1] Pub.L.No. 104-290, 110 Stat. 3415 (codified through various parts of 15 U.S.C. 2006).

[2] NASAA is the membership organization of state securities regulators.

II. Proposed Amendments to Section 10. Application for Registration As an Investment Advisor and Notice Filing As a Federal Covered Advisor.

The proposed amendments add the information and cyber security policy and procedures to the list of required documents to be filed by investment advisor applicants. In addition, the proposed amendment requires the investment advisor to file a copy of their privacy policy, as required for the proposed new rule.

III. Proposed Amendment to Section 160 A. Recordkeeping Requirements for Investment Advisors.

Under section 160, investment advisors are required to keep certain records. These records are used by the Division staff to determine compliance with the securities laws and regulations. This amendment will add a new subsection 25 which will add the requirement that investment advisors keep a copy of the policies and procedures required by the proposed new section 260.

IV. Proposed Amendments to Section 200. Dishonest or Unethical Practices

(a) Prohibited conduct regarding privacy of information. Currently, subsection 14 of 200 A requires investment advisors to protect their client's information and makes it a violation for the investment advisor to fail to comply with any applicable privacy provision or standard promulgated by the SEC or any self-regulatory organization approved by the SEC. Now that the NASAA membership has adopted similar requirements in the Model Rule, the Division proposes to amend this section to conform it to the new Model Rule. The proposed amendment removes the reference to the SEC and self-regulatory organizations since the state-covered advisors will be governed by the new section 260, if adopted.

(b) Prohibited conduct regarding an investment advisor's failure to report an unauthorized access of a client's information to the Division and the client. The consequences of unauthorized access to a client's information could be devastating to the client. To address that, the Division proposes a new subsection G to section 200. The proposed new subsection makes it a dishonest or unethical practice for an investment advisor or investment advisor representative to fail to report such unauthorized access to the Division and the client within three business days of discovery. If properly reported, the Division can work with the investment advisor and investment advisor representative to take the appropriate measures to limit the damage and prevent further unauthorized access.

Proposed Revision to Chapter 30. Adoption of NASAA. Statements of Policy.

The Division is a member of NASAA, the association of state securities regulatory agencies. As a part of its mission to provide a uniform approach to the state regulation of securities, the Division, along with the member states, develops and adopts statements of policy that apply to the registration of securities. From time-to-time, NASAA amends these statements of policy to keep them current and address changes in the types of products offered by industry members, as well the changing norms for the standards that will apply to those registrations.

The proposed amendment updates a number of these statements of policy, including (1) underwriting expenses; (2) unsound financial condition; (3) corporate securities definitions; and (4) loans and other material transactions. NASAA vetted the proposed amendments by providing public notice and opportunity to comment. Following the expiration of the comment period, the revisions were adopted in May of 2018 by a vote of the NASAA members.

In addition, Documents Incorporated by Reference in Chapter 21 VAC5-30, will be updated to include all Statements of Policy previously adopted by the Commission in Section 8.

Proposed Revisions to Chapter 45. Offerings conducted pursuant to Rule 506 of Regulation D (17 CFR 230.506): Filing Requirements and issuer-agent exemption.

Many securities offerings today are made through a federal exemption known as Rule 506, which allows an issuer of securities who meets the requirements of the exemption to offer and sell securities in every state without registration. As a part of the adoption of this federal regulation, Congress provided a means for states to monitor these offerings in their state by allowing the states to accept notice filings made under the federal regulation.

To make such notices uniform among the states, the Division adopted this rule to provide for the notice filing through the use of the filing form developed by the SEC, known as Form D. Over the years since Form D was adopted, the SEC has amended the form. In order to make it easier to keep up with the changes to Form D, and to allow the securities industry to use the appropriate form, the Division proposes to drop the date of adoption of Form D from the body of the regulation and instead update its form list (attached hereto to this Order), as necessary.

The Division recommended to the Commission that the proposed revisions should be considered for adoption. The Division also has recommended to the Commission that a hearing should be held only if requested by those interested parties who specifically indicate that a hearing is necessary and the reasons therefore.

A copy of the proposed revisions may be requested by interested parties from the Division by telephone, mail, or e-mail request and also can be found at the Division's website: www.scc.virginia.gov/srf. Any comments to the proposed rules must be received by August 9, 2019.

Accordingly, IT IS THEREFORE ORDERED THAT:

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

(2) On or before August 9, 2019, comments or request for hearing on the proposed revisions must be submitted in writing to Joel H. Peck, Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. A request for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall contain reference to Case No. SEC-2019-00024. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: http://www.scc.virginia.gov/case.

(3) The proposed revisions shall be posted on the Commission's website at http://www.scc.virginia.gov/case and on the Division's website at http://www.scc.virginia.gov/srf. Interested persons also may request a copy of the proposed revisions from the Division by telephone, mail or e-mail.

CASE NO. SEC-2019-00024
AUGUST 21, 2019

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

Ex Parte: In the matter of Adopting a Revision to the Rules Governing the Virginia Securities Act

ORDER ADOPTING AMENDED RULES

By Order to Take Notice ("Order") entered on June 27, 2019,[1] all interested persons were ordered to take notice that the State Corporation Commission ("Commission") would consider the adoption of revisions to Chapters 20, 30, 45, and 80 of Title 21 of the Virginia Administrative Code. On July 9 and 10, 2019,[2] the Division of Securities and Retail Franchising ("Division") mailed and emailed the Order of the proposed rules to all interested persons pursuant to the Virginia Securities Act, § 13.1-501 *et seq*. of the Code of Virginia. The Order described the proposed revisions and afforded interested persons an opportunity to file comments and request a hearing on or before August 9, 2019, with the Clerk of the Commission. The Order provided that requests for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments.

The Commission received four comments with regard to the proposed revisions. The first comment was filed by Derek Mohar, a state-covered registered investment advisor located in Virginia.[3] His comment was with regard to subsection C of Commission Rule 21 VAC5-80-160, which was not revised. Therefore, the Division is not making any changes to the proposed amendments based upon this comment.

The second comment was proposed by the Securities Industry and Financial Markets Association ("SIFMA).[4] In general the comment was supportive of the proposed amendments, but SIFMA requested that data breach reports be clarified to make sure that it was clear who was to make the report. After a discussion with SIFMA about their concern, the Division changed the requirement from "investment advisors ***and*** investment advisor representatives" to "investment advisor ***or*** investment advisor representatives." [Emphasis added.]

The third comment was offered by Gerald Barnard, a state-registered investment advisor located in Virginia.[5] Mr. Barnard's comment was generally supportive of the amendments and indicated that the changes were necessary to prevent fraud against investment advisor clients. However, he found them burdensome as they applied to him and requested that the Division find a way to exempt his business from these necessary rules. The Division declined to make an exception.

The North American Securities Administrators Association ("NASAA") filed the fourth comment on August 9, 2019.[6] NASAA supports the Commission's proposed amendments to the Division's rules, particularly noting the rule governing mandatory arbitration. NASAA stated in its comments that mandatory arbitration in investment advisor contracts is contrary to the extensive regulatory oversight of investment advisors who have a fiduciary duty to their clients.

No one requested a hearing on the proposed regulation revisions.

NOW THE COMMISSION, upon consideration of the proposed amendments to the proposed rules, the recommendation of the Division, and the record in this case, finds that the proposed amendments should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The proposed rules are attached hereto, made a part of hereof, and are hereby ADOPTED effective September 16, 2019.

(2) AN ATTESTED COPY hereof, together with a copy of the adopted rules, shall be sent by the Clerk of the Commission in care of Ronald W. Thomas, Director of the Division, who forthwith shall give further notice of the adopted rules by mailing or emailing a copy of this Order to all interested persons.

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[1] Doc. Con. Cen. No. 190640066.

[2] The notice was published by the Virginia Registrar of Regulations on July 22, 2019. Doc. Con. Cen. No. 190820050.

[3] Doc. Con. Cen. No. 198719153, filed on July 9, 2019.

[4] Doc. Con. Cen. No. 190740124, filed on July 24, 2019.

[5] Doc. Con. Cen. No. 190810184, filed on August 3, 2019.

[6] Doc. Con. Cen. No. 190820081.

(3) The Commission's Division of Information Resources forthwith shall cause a copy of this Order, together with the adopted rules, to be forwarded to the Virginia Registrar of Regulations for appropriate publication in the Virginia Register of Regulations.

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

NOTE: A copy of the attachment entitled "Securities Rules 2019" 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-2019-00026
AUGUST 9, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
WILBURT GUNTER,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Wilburt Gunter ("Gunter"), who offered and sold securities for Woodbridge Group of Companies ("Woodbridge"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Gunter is a North Carolina resident with a last known address of 201 South McPherson Church Road, Suite 200, Fayetteville, North Carolina 28303.

The Division alleges that Gunter offered and sold unregistered Woodbridge securities in the form of a Participation Agreement to a Virginia investor ("Virginia Investor") without being registered to offer or sell securities in Virginia.

Based on the investigation, the Division alleges Gunter violated § 13.1-504 (A) of the Act by offering and selling securities in Virginia when the Defendant was not registered with the Commission to transact such business and § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein, but admits to the Commission's jurisdiction and authority to enter into this 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 Five Thousand Five Hundred Dollars ($5,500) in restitution to the Virginia Investor, as directed by the Division, in the form of certified funds within eleven (11) months of the entry of this Order;

(2) Within fifteen (15) days of such payment identified in paragraph (1) above, the Defendant will submit to the Division a copy of the payment transmittal or other proof of payment to the Virginia Investor, containing the date in which payment was made, the payment amount and the date the payment was sent to the Virginia Investor; and

(3) The Defendant will provide a copy of this Order to the Virginia Investor.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00027
JUNE 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
HARTQUIST & NOBLET, LLC,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Hartquist & Noblet, LLC (the "Defendant" or "H&N") that offered and sold securities for Woodbridge Group of Companies ("Woodbridge"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

H&N is a Virginia limited liability company with a last known address of 15 Francis Court, Stafford, Virginia 22554.

The Division alleges that H&N offered and sold unregistered Woodbridge securities in the form of a Participation Agreement to ten Virginia investors ("Virginia Investors") without being registered to offer or sell securities in Virginia.

Based on the investigation, the Division alleges H&N violated § 13.1-504 (A) of the Act by offering and selling securities in Virginia when the Defendant was not registered with the Commission to transact such business and § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein but admits to the Commission's jurisdiction and authority to enter into this 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 a total of Fifty-three Thousand Two Hundred Twenty Dollars ($53,220) in restitution to ten (10) Virginia Investors, in proportion to the amount invested, as directed by the Division, in the form of certified funds within sixty (60) days of the entry of this Order;

(2) Within fifteen (15) days of each payment identified in paragraph (1) above, the Defendant will submit to the Division a copy of the payment transmittal or other proof of payment to the Virginia Investor, containing the date in which payment was made, the payment amount and the date the payment was sent to the Virginia Investor; and

(3) The Defendant will provide a copy of this Order to the Virginia Investors.

(4) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00029
JULY 17, 2019

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

v.

JEFF WATERS,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Jeff Waters ("Waters"), who offered and sold securities for Woodbridge Group of Companies ("Woodbridge"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Waters is a North Carolina resident with a last known address of P.O. Box 1430, Graham, North Carolina 27253.

The Division alleges that Waters offered and sold unregistered Woodbridge securities in the form of a Participation Agreement to two (2) Virginia investors ("Virginia Investors") without being registered to offer or sell securities in Virginia.

Based on the investigation, the Division alleges Waters violated § 13.1-504 (A) of the Act by offering and selling securities in Virginia when the Defendant was not registered with the Commission to transact such business and § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein, but admits to the Commission's jurisdiction and authority to enter into this 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 a total of Nine Thousand Dollars ($9,000) in restitution to the two (2) Virginia Investors, in proportion to the amount invested, as directed by the Division, in the form of certified funds within sixty (60) days of the entry of this Order;

(2) Within fifteen (15) days of each payment identified in paragraph (1) above, the Defendant will submit to the Division a copy of the payment transmittal or other proof of payment to the Virginia Investor, containing the date in which payment was made, the payment amount and the date the payment was sent to the Virginia Investor; and

(3) The Defendant will provide a copy of this Order to the Virginia Investors.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00032
AUGUST 9, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
FRANK DIETRICH,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Frank Dietrich ("Dietrich"), who offered and sold securities for Woodbridge Group of Companies ("Woodbridge"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Dietrich is a Virginia resident with a last known address of 7919 Oak Hollow Lane, Fairfax Station, Virginia 22039. From March 2013 to March 2018, Dietrich was registered as an agent and investment advisor representative of a registered broker-dealer and investment advisor, Quest Capital Strategies, Inc. ("Quest").

The Division alleges that Dietrich offered and sold unregistered Woodbridge securities in the form of a Participation Agreement to Virginia investors without permission from Quest.

Based on the investigation, the Division alleges Dietrich violated § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration and 21 VAC 5-20-280 B 2 of the Commission's Rules for Broker-Dealers, Broker-Dealer Agents and Agents of the Issuer ("Rules"), 21 VAC 5-20-10 *et seq.*, by effecting securities transactions not recorded on the regular books or records of the broker-dealer that the agent represents.

If the provisions of the Act or the Commission's Rules are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant admits that he offered and sold unregistered Woodbridge securities in Virginia without permission from Quest and admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant agrees to not be registered as a broker dealer, broker dealer agent, investment advisor, investment advisor representative or agent of the issuer for a minimum of five (5) years; and

(2) The Defendant will not violate the Act or the Commission's Rules in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00033
AUGUST 5, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
RANDY W. BURKE,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Randy W. Burke ("Burke"), who offered and sold securities for Woodbridge Group of Companies ("Woodbridge"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Burke is a North Carolina resident with a last known address of 901 Highway 321 NW, Suite 106, Hickory, North Carolina 28601.

The Division alleges that Burke offered and sold unregistered Woodbridge securities in the form of a Participation Agreement to a Virginia investor ("Virginia Investor") without being registered to offer or sell securities in Virginia.

Based on the investigation, the Division alleges Burke violated § 13.1-504 (A) of the Act by offering and selling securities in Virginia when the Defendant was not registered with the Commission to transact such business and § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein, but admits to the Commission's jurisdiction and authority to enter into this 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 a total of Ten Thousand Three Hundred Twenty Dollars ($10,320) in restitution to the Virginia Investor in the form of certified funds within twelve (12) months of the entry of this Order;

(2) Within fifteen (15) days of such payment identified in paragraph (1) above, the Defendant will submit to the Division a copy of the payment transmittal or other proof of payment to the Virginia Investor, containing the date in which payment was made, the payment amount and the date the payment was sent to the Virginia Investor; and

(3) The Defendant will provide a copy of this Order to the Virginia Investor.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00034
AUGUST 2, 2019

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

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of James Gilchrist ("Gilchrist"), who offered and sold securities for Woodbridge Group of Companies ("Woodbridge"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Gilchrist is a Florida resident with a last known address of 217 Northeast Forest Court, Jensen Beach, Florida 34957.

The Division alleges that Gilchrist offered and sold unregistered Woodbridge securities in the form of a Participation Agreement to a Virginia investor ("Virginia Investor") without being registered to offer or sell securities in Virginia.

Based on the investigation, the Division alleges Gilchrist violated § 13.1-504 (A) of the Act by offering and selling securities in Virginia when the Defendant was not registered with the Commission to transact such business and § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant admits to the allegations made herein and admits to the Commission's jurisdiction and authority to enter into this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant agrees to not be registered in Virginia as a Broker Dealer, Broker Dealer Agent, Investment Advisor, Investment Advisor Representative and/or an Agent of the Issuer for a minimum of one (1) year; and

(2) The Defendant will provide a copy of this Order to the Virginia Investor.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

(3) The Defendant will not violate the Act in the future.

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

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

CASE NO. SEC-2019-00037
SEPTEMBER 10, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
PETER HOLLER,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Peter Holler ("Holler"), who offered and sold securities for Woodbridge Group of Companies ("Woodbridge"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Holler is a Tennessee resident with a last known address of 112 Evergreen Place, Bristol, Tennessee 37620.

The Division alleges that Holler offered and sold unregistered Woodbridge securities in the form of a Participation Agreement to three (3) Virginia investors ("Virginia Investors") without being registered to offer or sell securities in Virginia.

Based on the investigation, the Division alleges Holler violated § 13.1-504 (A) of the Act by offering and selling securities in Virginia when the Defendant was not registered with the Commission to transact such business and § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein but admits to the Commission's jurisdiction and authority to enter into this Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of Virginia the amount of Seven Thousand Five Hundred Dollars ($7,500) in monetary penalties on or before December 31, 2019;

(2) The Defendant will pay to the Treasurer of Virginia the amount of Five Hundred Dollars ($500) to defray the cost of the investigation on or before December 31, 2019;

(3) The Defendant will provide a copy of this Order to the Virginia Investors within thirty (30) days of the entry of this Order; and

(4) The Defendant is permanently enjoined from offering and selling securities in and from the Commonwealth of Virginia and from engaging other agents or affiliates to offer and sell securities in and from the Commonwealth of Virginia on his behalf.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00038
DECEMBER 4, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DARYL ALLEN CHEATHAM, and LIONSGATE INVESTMENTS, INCORPORATED,
Defendants

JUDGMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Daryl Allen Cheatham ("Cheatham") and Lionsgate Investments, Incorporated ("Lionsgate") (collectively, "Defendants"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia. This investigation is referred to as the "Investigation." Based on the Investigation, the Division alleges, among other things, that the Defendants charged excessive fees to investment advisory clients in violation of § 13.1-503 (A) (2) of the Act and Rule 21 VAC 5-80-200 A (10) of the Commission's Rules Governing Investment Advisors ("Rules"). The Defendants executed the attached Consent to Entry of Judgment Order ("Consent"), stipulating, for the sole purpose of resolving this matter before the Commission, to detailed factual allegations as well as the violations of the Act and Rules – specifically § 13.1-503 (A) (2) of the Act and Rule 21 VAC 5-80-200 - and supporting the Commission's entry of a Judgment Order.

From approximately June 15, 1998 to September 5, 2014, Cheatham was affiliated with multiple financial services companies. From March 20, 2006 to September 5, 2014, Cheatham was registered with two different investment firms as a registered representative and investment advisor representative ("IAR").

On June 16, 2014, Lionsgate incorporated in Virginia. Cheatham is listed in the documents of incorporation as the president of Lionsgate. Lionsgate and Cheatham have been registered with the Division as an investment advisor ("IA") and IAR, respectively, from September 10, 2014 to December 31, 2014, and again since January 9, 2015. Cheatham is the sole IAR of Lionsgate.

From September 10, 2014 to July 13, 2017, the Defendants used Charles Schwab & Co., Inc. ("Charles Schwab"), a registered broker-dealer, for custodial and trading services. By letter dated April 13, 2017, Charles Schwab informed the Defendants that effective July 13, 2017, it would be terminating the Investment Manager Service Agreement between Charles Schwab and Lionsgate due in part to the "billing practices" of the Defendants.

From September 2014 through July 2017, while using the Charles Schwab investment advisor platform, the Defendants overcharged their IA clients by $114,582.00. In or around July 2017, after being removed from the Charles Schwab IA platform, the Defendants began using broker-dealer Interactive Brokers, LLC for custodial and trading services. From approximately July 2017 through April 2019, the Defendants overcharged their investment advisory clients by $177,254.00.[1] In 2018 the Division conducted an audit of Lionsgate and Cheatham, and an investigation of the Defendants ensued.

The Defendants stipulate to the foregoing allegations as set forth in the attached Consent and also agree to the entry of a Judgment Order, including the following terms and conditions:

(1) A directive requiring the Defendants to pay, jointly and severally, $285,786.29 in restitution to the investors who were overcharged, in sums as identified in Attachment A, within two (2) years from the date of entry of this Judgment Order;

(2) The permanent revocation of Lionsgate's registration as an IA;

(3) The permanent revocation of Cheatham's registration as an IAR;

(4) A permanent bar prohibiting the Defendants from registration in Virginia as an IA, IAR, broker-dealer, broker-dealer agent, or agent of the issuer;

(5) A permanent injunction prohibiting the Defendants from committing future violations of the Act; and

[1] In September 2017, the Defendants made partial restitution of the excessive fees to one investment advisory client in the amount of $6,049.88.

(6) A directive requiring the Defendants to gather and organize all client files, including all information necessary to access client accounts and funds, and provide such files to each client within thirty (30) days of entry of this Judgment Order.

The Division has now recommended, and the Defendants have now consented to, entry of judgment against the Defendants.

NOW THE COMMISSION, having considered the record herein, the Consent to Entry of Judgment Order signed by the Defendants, and the recommendation of the Division, hereby enters judgment against the Defendants in this matter.

Accordingly, IT IS ORDERED THAT:

(1) The Defendants are required to pay, jointly and severally, $285,786.29 in restitution to the investors who were overcharged in sums as identified in Attachment A, within two (2) years from the date of entry of this Judgment Order.

(2) The Defendants are required to gather and organize all client files, including all information necessary to access client accounts and funds, and provide such files to each client within thirty (30) days of entry of this Judgment Order.

(3) The Defendants' registrations as an IAR and IA are hereby revoked as of the date of the entry of the Judgment Order.

(4) The Defendants are permanently barred from registration in Virginia as an IA, IAR, broker-dealer agent, or agent of the issuer.

(5) The Defendants shall cease all business operations as an IA and IAR as of the date of the entry of the Judgment Order.

(6) The Defendants are permanently enjoined from offering and selling securities in and from the Commonwealth of Virginia and from engaging other agents or affiliates to offer and sell securities in and from the Commonwealth of Virginia on their behalf.

(7) The Defendants are permanently enjoined from committing any future violations of the Act.

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

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

CASE NO. SEC-2019-00041
OCTOBER 31, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SUPERGLASS WINDSHIELD REPAIR, INC.,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of SuperGlass Windshield Repair, Inc. ("SuperGlass" or "Defendant") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia ("Code").

SuperGlass is a Georgia corporation and was incorporated on October 22, 1993. SuperGlass's principal office is in Florida with a last known address of 6220 Hazeltine National Drive, Suite 118, Orlando, Florida 32822. SuperGlass offers and sells franchises providing mobile windshield repairs on site.

SuperGlass was registered with the Division as a franchise under the Act in 1993. SuperGlass's registration expired on February 18, 1994. The Division alleges that SuperGlass offered and sold ten franchises[1] to be operated in Virginia to Virginia residents ("Virginia Franchisees") after its registration had expired. Further, the Division alleges that SuperGlass failed to provide the Virginia Franchisees with the franchise disclosure document ("FDD") and franchise agreement required under the Act.

Based on the investigation, the Division alleges the Defendant violated § 13.1-560 of the Act by selling or offering to sell a franchise in Virginia without being registered under the provisions of the Act. The Division further alleges that the Defendant violated § 13.1-563 (4) (ii) of the Act by failing to provide the Virginia Franchisees with a properly cleared FDD in conjunction with the offer and sale of the franchise as required.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations made herein but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

[1] Of the ten franchises, three did not pay a franchisee fee.

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 draft a rescission offer ("Offer") and provide the Division a copy of the Offer for review and comment at least ten (10) days prior to sending it to the Virginia Franchisees.

(2) Within thirty (30) days of entry of this Order, the Defendant will send the approved Offer to the current Virginia Franchisee. The current Virginia Franchisee has thirty (30) days to accept the offer. If the current Virginia Franchisee accepts the Offer, the Defendant, within fifteen (15) days of the acceptance, will pay a total amount of Fifteen Thousand Dollars ($15,000), refunding the initial franchisee fee.

(3) Within thirty (30) days of entry of this Order, the Defendant will refund the initial franchisee fees ("Franchisee Fee") totaling Forty-seven Thousand Dollars ($47,000) to four former Virginia Franchisees. The Division will provide the Defendant with a list of the former Virginia Franchisees and the Franchise Fee amounts payable to each.

(4) Within thirty (30) days of entry of this Order, the Defendant will refund the transfer fees ("Transfer Fee") paid by the former Virginia Franchisees totaling Eleven Thousand Six Hundred Sixty-seven Dollars ($11,667) to two former Virginia Franchisees. The Division will provide the Defendant with a list of the former Virginia Franchisees and the Transfer Fee amounts payable to each.

(5) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Ten Thousand Dollars ($10,000) in monetary penalties.

(6) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Three Thousand Dollars ($3,000) to defray the costs of investigation in this matter.

(7) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00043
NOVEMBER 7, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
360 TOUR DESIGNS & MARKETING, LLC
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of 360 Tour Designs & Marketing, LLC ("360 Tours") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia ("Code").

360 Tours is a Pennsylvania limited liability company. 360 Tours offers and sells franchises providing real estate imagery and marketing techniques to the public, primarily for the real estate industry. 360 Tours has never been registered with the Division to sell or offer to sell a franchise in the Commonwealth of Virginia ("Virginia").

The Division alleges that 360 Tours offered and sold an unregistered franchise to be operated in Virginia to a Virginia resident ("Virginia Franchisee"). Further, the Division alleges that 360 Tours failed to provide the Virginia Franchisee with the franchise disclosure document ("FDD") and franchise agreement required under the Act.

Based on the investigation, the Division alleges the Defendant violated § 13.1-560 of the Act by selling or offering to sell a franchise in Virginia without being registered under the provisions of the Act. The Division further alleges that the Defendant violated § 13.1-563 (4) (ii) of the Act by failing to provide the Virginia Franchisee with a properly cleared FDD in conjunction with the offer and sale of the franchise as required.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations made herein but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Five Thousand Dollars ($5,000) in monetary penalties.

(2) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of One Thousand Dollars ($1,000) to defray the costs of investigation.

(3) The Defendant shall make a rescission offer ("Offer") to the Virginia Franchisee within thirty (30) days of the entry of this Order, and the Virginia Franchisee will have thirty (30) days from the date the Offer is made to accept the Offer. The Defendant will provide the Division with a copy of the Offer for review and comment at least ten (10) days prior to sending it to the Virginia Franchisee.

(4) If the Virginia Franchisee accepts the Offer, the Defendant will pay a total amount of Thirty-two Thousand Dollars ($32,000) in restitution to the Virginia Franchisee in the form of certified funds within thirty (30) days of the acceptance of the Offer.

(5) Additionally, the Defendant will provide to the Division a signed affidavit containing the date the Virginia Franchisee received the Offer, the Virginia Franchisee's response, and, if applicable, the amount and date the payment was sent to the Virginia Franchisee.

(6) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00045
SEPTEMBER 20, 2019

APPLICATION OF
LUTHERAN CHURCH EXTENSION FUND - MISSOURI SYNOD

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

This matter came before the State Corporation Commission ("Commission") for consideration by written application of Lutheran Church Extension Fund - Missouri Synod ("LCEF"), which the Commission received on August 23, 2019, with attached exhibits. The application requested that LCEF's Young Investor ("Y.I.") Stamps, Dedicated Certificates, Family Emergency StewardAccount Certificates, StewardAccount Certificates, FlexPlus Certificates, Fixed-Rate Term Notes, Floating-Rate Term Notes, Congregation Demand Certificates, Congregation StewardAccount Certificates, Congregation Cemetery Care StewardAccount Certificates, Congregation Fixed-Rate Endowment Certificates, Congregation Floating-Rate Endowment Certificates, and Y.I. StewardAccount Certificates, (collectively, 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 the 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) LCEF is a Missouri corporation operating not for private profit but exclusively for religious, charitable and educational purposes; (ii) LCEF intends to offer and sell the Certificates in an approximate aggregate amount of up to $75 million on terms and conditions as more fully described in the Offering Circular filed as a part of the application; (iii) said securities are to be offered and sold by officers of LCEF who will not be compensated for their sales efforts; and (iv) LCEF will discontinue issuer transactions for all other securities previously exempted by the Commission upon the grant of the exemption for the offering of the Certificates described herein.

Based on the facts asserted by LCEF in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, pursuant to the provisions of § 13.1-514.1 B of the Act, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER that the securities described above are exempt from the securities registration requirements of the Act and that LCEF's officers are exempt from the agent registration requirements of § 13.1-504 of the Act. IT IS FURTHER ORDERED that LCEF will discontinue issuer transactions for all securities previously exempted by the Commission.

CASE NO. SEC-2019-00049
DECEMBER 3, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
SLAGEL INVESTMENT MANAGEMENT, and ZACHARY SLAGEL,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Slagel Investment Management ("SIM") and Zachary Slagel ("Slagel") (collectively, the "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

Slagel is a Virginia resident and the sole proprietor of SIM. SIM's last known address is 303 Church Street SE, Blacksburg, Virginia 24060.

The Division alleges that Slagel and SIM recommended and placed clients into an investment program without fully accounting for the client's risk tolerance, age, investment knowledge and experience, and other information that Slagel and SIM assert was known or acquired by them.

The Division further alleges that Slagel and SIM failed to properly update and keep accurate books and records pertaining to client agreements, their investment strategies, and financial circumstances.

Based on the investigation, the Division alleges Slagel and SIM violated: (1) 21 VAC 5-80-200 A (1) and 21 VAC 5-80-200 B (1) of the Commission's Rules Governing Dishonest or Unethical Practices of Investment Advisors, 21 VAC 5-80-10 *et seq*., by failing to fully consider their clients' risk tolerance, ages, investment knowledge and experience, and other information known or acquired by the Defendants after reasonable examination of the client's financial records; (2) 21 VAC 5-80-160 A (10) of the Commission's Rules Governing Recordkeeping Requirements for Investment Advisors, 21 VAC 5-80-10, *et seq*. ("Rules"), by failing to properly update and keep accurate books and records, and by having conflicting information in the Investment Advisory Agreement and Investment Policy Statement regarding the type of programs clients participated in and the associated fees for the selected programs; and (3) 21 VAC 5-80-160 A (16) by failing to properly maintain the records that show the basis for making their recommendations to clients and by having clients sign agreements before properly disclosing the selected investment program.

While there is no evidence the Defendants purposely failed to keep accurate books and records, the Division has made the Defendants aware of the importance and requirement under the Rules to not only collect these records, but also maintain such records as client financial status changes.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny the allegations herein but admit to the Commission's jurisdiction and authority to enter into this Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

1. The Defendants agree to not offer investment advisory services involving or containing either Options or Alternative Investments[1] for a period of five years from the entry of this Settlement Order ("Order");

2. Within 90 days of the entry of this Order, the Defendants agree to retain an independent, third-party Compliance Consultant to assist in its compliance review. The Compliance Consultant, as well as the terms of the agreement between the Compliance Consultant and the Defendants, shall be approved by the Division in advance:

   a. Within 180 days of the entry of this Order, the Compliance Consultant will complete its review.

   b. Within 20 days of the date of the Compliance Consultant's review, the Defendants will submit:

      i. the Compliance Consultant's report or their findings; and

      ii. an affidavit to the Division listing the steps taken to address all findings.

[1] "Alternative Investments" for purposes of this Order are defined as complex, non-conventional investments that are non-publicly traded and illiquid in nature.

3. The Defendants will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Five Thousand Dollars ($5,000) in monetary penalties;

4. The Defendants will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Two Thousand Five Hundred Dollars ($2,500) to defray the costs of investigation in this matter; and

5. The Defendants will not violate the Act in the future.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00051
NOVEMBER 19, 2019

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

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Clear Sky Financial, LLC ("Defendant") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia ("Code").

The Defendant is a Virginia limited liability company with a last known address of 9406 Jackson Street, Burke, Virginia 22015. Between 2013 and 2019, the Division alleges that the Defendant sold at least 59 securities in the form of promissory notes ("Notes") totaling approximately $8 million to at least 35 investors ("Current Noteholders").

In addition, the Division alleges that the Defendant (a) failed to register the Notes as required by § 13.1-507 of the Act; and (b) acted through two unregistered agents in selling the unregistered Notes in violation of § 13.1-504 (A) of the Act.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 (A) of the Act to impose a civil penalty; by § 13.1-521 (C) of the Act to order the defendant make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations herein but admits to the Commission's jurisdiction and authority to enter into this Settlement Order ("Order").

On April 15, 2019, the Defendant filed a Form D with the United States Securities and Exchange Commission ("SEC") for the sale of new promissory notes to be issued by the Defendant pursuant to Rule 506(b) of Federal Regulation D of the Securities Act of 1933, as codified in 17 C.F.R. § 230.506(b) ("New Notes"), and as further outlined in certain related offering documents, including Private Placement Memorandum, Promissory Notes, and Subscription Agreement (collectively the "Offering Documents"). On May 10, 2019, the Defendant filed a Form D with the Commission pursuant to 21 VAC 5-45-20 of the Commission's Rules Regarding Federal Covered Securities, 21 VAC 5-45-10, *et seq*. to file notice of the New Notes with the Division (collectively with the April 15, 2019 SEC filing, the "Exemption Filing.").

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) Within thirty (30) days of the entry of this Order, the Defendant will provide a copy of this Order to each of the Current Noteholders.

(2) Within thirty (30) days of the entry of this Order, the Defendant will provide the Offering Documents to all Current Noteholders that fully identify all risk factors associated with the New Notes.

(3) Within thirty (30) days of the entry of this Order, the Defendant will offer each Current Noteholder the opportunity to:

a. Replace their existing Note with a New Note that is subject to the terms of the Offering Documents and Exemption Filing; or

b. Cancel their existing Note and receive an immediate return of principal and interest due.

(4) The Defendant will not transact business in the Commonwealth of Virginia as a broker-dealer unless the Defendant is registered under the Act or exempt from registration.

(5) The Defendant will, for the purposes of offering or selling securities in Virginia, only employ agents who are registered under the Act or exempt from such registration.

(6) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Six Thousand Dollars ($6,000) to defray the costs of investigation in this matter.

(7) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00052
NOVEMBER 1, 2019

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

Ex Parte: In the matter of Adopting a Revision to the Rules Governing the Virginia Retail Franchising Act

ORDER TO TAKE NOTICE

Section 12.1-13 of the Code of Virginia ("Code") provides that the State Corporation Commission ("Commission") shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction. Section 13.1-572 of the Virginia Retail Franchising Act ("Act"), §§ 13.1-557 *et seq.* of the Code provides that the Commission may issue any rules and regulations necessary or appropriate for the administration and enforcement of the Act. The Retail Franchising Act Rules are set forth in Chapter 110 of Title 21 of the Virginia Administrative Code, 21 VAC 5-110-10 *et seq.* ("Rules").[1]

Proposed Revision to Section 55 of Chapter 110 regarding the Requirements for the Franchise Disclosure Document.

Section 55 of Chapter 110 of the Rules sets forth the requirements for the content and format of a franchisor's Franchise Disclosure Document ("FDD"). Currently under this section, a franchisor's FDD must include one (1) state cover page immediately following the Federal Trade Commission ("FTC") required cover page and 21 VAC 5-110-55 (C) sets forth the content requirements for such a state cover page.

The proposed amendment to 21 VAC 5-110-55 (C) requires franchisors to include with the FDD three "State Cover Sheets" and a "State Effective Dates Page" in accordance with the requirements of Part III B of the North American Securities Administrators Association, Inc. ("NASAA") 2008 Franchise Registration and Disclosure Guidelines, as adopted in 2019. A copy of the new NASAA State Cover Sheets and State Effective Dates Page requirements, including instructions to franchisors, a sample State Cover Sheet, and a sample State Effective Dates Page, is attached hereto as Exhibit A. A copy of the proposed revised Section 55 of Chapter 110 of the Rules is attached hereto as Exhibit B.

The new three State Cover Sheets requirement includes a page about how to use the FDD, a separate page with general cautionary information about franchising, and a third page to disclose risk factors specific to the franchise being offered. The new State Effective Dates Page is a separate document that includes the date when a franchise registration is made effective in Virginia.[2]

The Division recommended to the Commission that the proposed revisions should be considered for adoption, with an effective date of January 3, 2020. The Division also has recommended to the Commission that a hearing should be held only if requested by those interested parties who specifically indicate that a hearing is necessary and the reasons therefore.

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[1] A copy of the Rules may be found at the Commission's website (www.scc.virginia.gov/srf/lawsregs.aspx).

[2] Under the current rule, such information is included in the one (1) state cover page.

A copy of the proposed revisions may be requested by interested parties from the Division by telephone, by mail or e-mail request and also can be found at the Division's website: http://www.scc.virginia.gov/srf/index.aspx. Any comments on the proposed rules must be received by December 9, 2019.

IT IS THEREFORE ORDERED that:

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

(2) Comments or request for hearing on the proposed revisions must be submitted in writing to Joel H. Peck, Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before December 9, 2019. Requests for hearing shall state why a hearing is necessary and why the issues cannot be adequately addressed in written comments. All correspondence shall reference Case No. SEC-2019-00052. Interested persons desiring to submit comments electronically may do so by following the instructions available at the Commission's website: http://www.scc.virginia.gov/case.

(3) The proposed revisions shall be posted on the Commission's website at http://www.scc.virginia.gov/case and on the Division's website at http://www.scc.virginia.gov/srf/index.aspx. Interested persons may also request a copy of the proposed revisions from the Division by telephone, mail or e-mail.

NOTE: A copy of Exhibit A and Exhibit B 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-2019-00052
DECEMBER 19, 2019

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 November 1, 2019 ("Order to Take Notice"), all interested parties were ordered to take notice that the State Corporation Commission ("Commission") would consider the adoption of a revision to Chapter 110 of Title 21 of the Virginia Administrative Code ("Regulations") entitled "Retail Franchising Act Rules." On November 5 and 6, 2019, the Division of Securities and Retail Franchising ("Division") sent the Order to Take Notice of the proposed amendments to the Regulations to all interested parties pursuant to the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq.* of the Code of Virginia.

Section 55 of Chapter 110 of the Act 's Rules sets forth the requirements for the content and format of a franchisor's Franchise Disclosure Document ("FDD"), which must be provided to a prospective franchisee and approved by the Division prior to the sale of a franchise in Virginia. The proposed amendments to the Regulations require franchisors to include with the FDD three "State Cover Sheets" and a "State Effective Dates Page" in accordance with the requirements of Part III B of the North American Securities Administrators Association, Inc. 2008 Franchise Registration and Disclosure Guidelines, as adopted in 2019.

The Order to Take Notice described the proposed amendments to Rule 21 VAC 5-110-55 (C) of the Act's Rules and afforded interested parties an opportunity to file written comments or requests for hearing by December 9, 2019.

On November 7, 2019, franchisor Precision Door Service filed a comment with the Commission supporting the adoption of the proposed amendments to the Regulations.[1] Precision Door Service did not request a hearing, and no other comments were filed, nor were any requests for hearing made in this matter.

NOW THE COMMISSION, upon consideration of the proposed amendment, the comments received, 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 January 3, 2020.

(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 the attachment entitled "2019 Franchise 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.

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[1] Doc. Con. Cen. No. 191110287.

CASE NO. SEC-2019-00053
DECEMBER 19, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
THOMAS NARIMAN, and DRNK COFFEE & TEA FRANCHISING LLC,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Thomas Nariman ("Nariman") and DRNK Coffee & Tea Franchising LLC ("DRNK") (collectively, the "Defendants") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia ("Code").

DRNK is a California limited liability company. DRNK's principal office address is 350 S. Grand Avenue, Suite 3070, Los Angeles, California 90071. At all relevant times, Sherry Moaven was the managing member of DRNK and Nariman was the chief executive officer of DRNK. DRNK offers and sells franchises that provide coffee, tea, and similar items to the public.

DRNK was registered with the Division as a franchise under the Act in April 2017. The Division alleges that Defendants offered and sold a franchise with four outlets to be operated in Virginia to a Virginia resident ("Franchisee") on December 16, 2016, prior to being registered with the Division. Further, the Division alleges that the Defendants failed to provide the Franchisee with a Franchise Disclosure Document ("FDD") approved for use by the Division in connection with the unregistered sale, as required under the Act. An approved FDD provides material information to prospective franchisees in order for them to make an informed decision regarding the purchase of a franchise.

Based on the investigation, the Division alleges that the Defendants violated § 13.1-560 of the Act by selling or offering to sell a franchise in Virginia without being registered under the provisions of the Act. The Division further alleges that the Defendants violated § 13.1-563 (4) (ii) of the Act by failing to provide the Franchisee with a properly cleared FDD in conjunction with the offer and sale of the franchise, as required.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny the allegations made herein but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will draft a rescission offer ("Offer") and provide the Division a copy of the Offer for review and comment at least ten (10) days prior to sending it to the Franchisee.

(2) Within thirty (30) days of entry of this Order, the Defendants will send the approved Offer and a copy of this Order to the Franchisee. The Franchisee has thirty (30) days from the date of receipt to provide the Defendants with written notification of its acceptance or rejection of the offer. If the Franchisee accepts the Offer, the Defendants will pay Fifty Thousand Dollars ($50,000) in restitution to the Franchisee in the form of certified funds within fifteen (15) days of receipt of the Franchisee's acceptance and the Franchisee will then no longer have the right to operate DRNK franchises or any other rights under the Franchise Agreement originally entered into by and between the Defendants and the Franchisee.

(3) Within ninety (90) days from the entry of this Order, the Defendants will provide the Division an affidavit containing the date on which the Franchisee received the Offer, the Franchisee's response, and, if applicable, a copy of the payment transmittal or other proof of payment to the Franchisee, containing the date in which payment was made, the payment amount and the date the payment was sent to the Franchisee.

(4) The Defendants will include this Order in Item 3 (Litigation) of its FDD.

(5) The Defendants will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Three Thousand Dollars ($3,000) in monetary penalties.

(6) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00054
OCTOBER 25, 2019

APPLICATION OF
THE BAPTIST FOUNDATION OF OKLAHOMA d/b/a WATERSEDGE MINISTRY SERVICES

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 Baptist Foundation of Oklahoma d/b/a WatersEdge Ministry Services ("WEMS"), which the Commission received on September 6, 2019, with attached exhibits. The application requested that the Enhanced Cash Fund Deposits ("Demand Notes") and the Term Deposits ("Term Notes"), (collectively, the "Notes") be exempted from the securities registration requirements of the Virginia Securities Act ("Act"), § 13.1-501 *et seq*. of the Code of Virginia, and that the officers and employees of WEMS 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) WEMS is an Oklahoma corporation operating not for private profit but exclusively for religious, charitable and educational purposes; (ii) WEMS intends to offer and sell the Notes in an approximate aggregate amount of up to $175 million on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and (iii) said securities are to be offered and sold by officers of WEMS who will not be compensated for their sales efforts.

Based on the facts asserted by WEMS in the written application and exhibits, and upon the recommendation of the Division of Securities and Retail Franchising, pursuant to the provisions of the Act, the Commission is of the opinion and finds, and does hereby ADJUDGE and ORDER that the securities described above are exempt from the securities registration requirements of the Act and that WEMS' officers and employees are exempt from the agent registration requirements of § 13.1-504 of the Act.

CASE NO. SEC-2019-00055
NOVEMBER 19, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
IRON VALLEY REAL ESTATE, LLC
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Iron Valley Real Estate, LLC ("Iron Valley") pursuant to § 13.1-567 of the Virginia Retail Franchising Act ("Act"), § 13.1-557 *et seq*. of the Code of Virginia ("Code").

Iron Valley is a Pennsylvania limited liability company. Iron Valley offers and sells franchises providing real estate brokerage services. Iron Valley has never been registered with the Division to sell or offer to sell a franchise in the Commonwealth of Virginia ("Virginia").

The Division alleges that Iron Valley offered and sold an unregistered franchise to be operated in Virginia to a Virginia resident ("Virginia Franchisee"). Further, the Division alleges that Iron Valley failed to provide the Virginia Franchisee with the franchise disclosure document ("FDD") and franchise agreement required under the Act.

Based on the investigation, the Division alleges the Defendant violated § 13.1-560 of the Act by selling and offering to sell a franchise in Virginia without being registered under the provisions of the Act. The Division further alleges that the Defendant violated § 13.1-563 (4) (ii) of the Act by failing to provide the Virginia Franchisee with a properly cleared FDD in conjunction with the offer and sale of the franchise as required.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-562 of the Act to revoke a defendant's registration, by § 13.1-568 of the Act to issue temporary or permanent injunctions, by § 13.1-570 of the Act to impose certain monetary penalties and to request a defendant make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies the allegations made herein but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Six Thousand Dollars ($6,000) in monetary penalties.

(2) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Two Thousand Dollars ($2,000) to defray the costs of investigation.

(3) The Defendant shall make a rescission offer ("Offer") to the Virginia Franchisee within thirty (30) days of the entry of this Order, and the Virginia Franchisee will have thirty (30) days from the date the Offer is made to accept the Offer.

(4) If the Virginia Franchisee accepts the Offer, the Defendant will pay a total amount of Ten Thousand Dollars ($10,000) in restitution to the Virginia Franchisee in the form of certified funds within thirty (30) days of the acceptance of the Offer.

(5) Additionally, the Defendant will provide to the Division a signed affidavit containing the date the Virginia Franchisee received the offer to refund the initial franchise fee, the Virginia Franchisee's response, and, if applicable, the amount and date the payment was sent to the Virginia Franchisee.

(6) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

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

Accordingly, IT IS ORDERED THAT:

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

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

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

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

CASE NO. SEC-2019-00056
DECEMBER 12, 2019

IN THE MATTER OF
MCLAWHORN FINANCIAL ADVISORS, INC. and WILLIAM L. MCLAWHORN,
Defendants

SETTLEMENT ORDER

The Division of Securities and Retail Franchising (the "Division") of the State Corporation Commission (the "Commission") conducted an investigation of William L. McLawhorn ("McLawhorn") and his firm, McLawhorn Financial Advisors, Inc. ("MFA") (together, the "Defendants"), pursuant to § 13.1-518 of the Virginia Securities Act (the "Act"), § 13.1-501 *et seq.* of the Code of Virginia (the "Code").

MFA was a corporation formed in Virginia, with the principal address of 4933 Hunting Hills Court, Roanoke, Virginia 24018. McLawhorn, an individual resident of Virginia, was MFA's sole owner. MFA terminated its corporate status in October 2017.

MFA had been registered with the Division as an investment advisor since August 2001, and McLawhorn had been registered as an investment advisor representative since February 2004. The Defendants terminated their registrations in March 2011.

The Division alleges that from 2012 to 2017, even after terminating their registrations to act as an investment advisor and investment advisor representative, MFA and McLawhorn, respectively, continued to facilitate securities transactions on behalf of the Betty Williams Family Trust (the "Trust"). These securities transactions involved Trust assets in three TD Ameritrade brokerage accounts for which McLawhorn was listed as a consultant, investment advisor, and financial advisor. During this six-year period, MFA and McLawhorn facilitated at least 45 securities transactions for these brokerage accounts.

The Division alleges that in facilitating these securities transactions, the Defendants provided investment advisory services without being properly registered as an investment advisor and investment advisor representative, thus violating § 13.1-504 (A) of the Act. The Division does not allege that these registration violations were done in furtherance of any fraudulent conduct.

If provisions of the Act are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary and permanent injunctions; by § 13.1-521 (A) of the Act to impose civil penalties; by § 13.1-518 (A) of the Act to impose costs of the investigation; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny the allegations herein but admit to the Commission's jurisdiction and authority to enter this Order.

In order to settle the matter arising from these allegations, the Defendants have made an offer of settlement to the Commission, wherein:

(1) The Defendants have tendered the sum of Ten Thousand Dollars ($10,000) in monetary penalties to the Treasurer of Virginia;

(2) The Defendants have tendered the sum of Three Thousand Dollars ($3,000) in costs of investigation to the Treasurer of Virginia;

(3) The Defendants agree to furnish copies of this Order to the beneficiaries of the Trust and to verify to the Division that such copies have been furnished;

(4) The Defendants agree (a) to certify to the Division that any and all remaining Trust assets have been liquidated and distributed to the beneficiaries of the Trust, and (b) to close any and all existing financial accounts associated with the Trust and provide documentation to the Division showing that such accounts have been closed; and

(5) The Defendants agree that neither MFA, McLawhorn, nor any other individual or entity acting on behalf of the Defendants will violate the Act in the future.

The Division has recommended that, pursuant to § 12.1-15 of the Code, the Commission accept the offer of settlement of the Defendants.

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

Accordingly, IT IS ORDERED THAT:

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

(2) The Defendants shall comply with the aforesaid terms 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 any failure by the Defendants to comply with the terms of this settlement.

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

CASE NO. SEC-2019-00057
DECEMBER 17, 2019

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

CONSENT ORDER

This Consent Order follows an investigation of Solium Financial Services LLC ("SFS") by the Division of Securities and Retail Franchising ("Division") after SFS's parent company, Morgan Stanley, self-reported that SFS had engaged in unregistered activity in the Commonwealth of Virginia ("Virginia").

SFS is a direct subsidiary of Solium Holdings USA, LLC ("Solium Holdings" or, collectively with SFS and its affiliates, "Solium"). Solium provides equity plan administration software to employers. Employee-participants of equity plans that utilize Solium's software can view and track the options and shares issued to them by their employers. If an employee-participant requests an exercise or liquidation through Solium's software, SFS transmits an order to a broker-dealer firm registered in Virginia who executes and clears the transactions. SFS, however, has never been registered as a broker-dealer in Virginia. As part of its services, SFS neither provided investment advice to employee-participants nor solicited transactions, and SFS's transactions are limited only to a participant's employer's stock and no other securities.

On May 1, 2019, Morgan Stanley acquired Solium Capital, Inc., which included its subsidiaries Solium Holdings and SFS. On May 2, 2019, SFS applied for broker-dealer registration with the Division. In June of 2019, counsel for Morgan Stanley reported to the Division that SFS, through its activities as an introducing broker-dealer, may have acted as an unregistered broker-dealer in Virginia. Based upon the information provided by Morgan Stanley, the Division conducted an investigation of SFS pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia.

Based on the investigation, the Division alleges that from December 2008 to present day, SFS acted as an unregistered broker-dealer by failing to properly comply with the registration requirements of § 13.1-504 A (i) of the Act.

In an effort to resolve the alleged violations, SFS has agreed to abide by and comply with the following terms and undertakings: (1) SFS will pay Ten Thousand Dollars ($10,000) in monetary penalties pursuant to § 13.1-518 of the Act; and (2) SFS will not violate the Act in the future.

NOW THE COMMISSION, having considered the record herein and the recommendation of the Division, is of the opinion that this Order should be entered.

Accordingly, IT IS ORDERED THAT:

(1) The Defendant will pay to the Treasurer of Virginia, contemporaneously with the entry of this Consent Order, the amount of Ten Thousand Dollars ($10,000) in monetary penalties.

(2) The Defendant will not violate § 13.1-504 A (1) of the Act in the future.

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

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

DIVISION OF UTILITY AND RAILROAD SAFETY

CASE NO. URS-2016-00547
FEBRUARY 25, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MAYORGA CONSTRUCTION, LLC,
Defendant

FINAL ORDER

On January 24, 2018, the State Corporation Commission ("Commission") issued an Amended Rule to Show Cause ("Rule") against Mayorga Construction, LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated certain provisions of the Underground Utility Damage Prevention Act, Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about August 1, 2016, the Defendant damaged a Four-inch plastic gas main line operated by Washington Gas Light Company, located at or near 4631 Kirkland Place, Alexandria, Virginia, while excavating. The Rule also alleged that on or about January 4, 2017, the Defendant damaged a three-quarter inch plastic gas service line operated by Washington Gas Light Company, located at or near 4639 Lambert Drive, Alexandria, Virginia, while excavating. The Rule alleged that on each of these occasions, the Defendant failed to notify the notification center before beginning its excavation, in violation of § 56-265.17 A of the Code.

On October 31, 2018, the Division filed its Motion to Dismiss Rule to Show Cause ("Motion"). In support of its Motion, the Division stated that the sole member/manager of the Defendant limited liability company was in poor health. The Division further noted that the Defendant had not called in an VA 811 notification tickets for calendar year 2018, and the Division believed the Defendant is no longer in business.

On November 2, 2018, the Report of D. Mathias Roussy, Jr., Hearing Examiner ("Report"), was filed. The Hearing Examiner found that based upon the representations in the Division's Motion, the case should be dismissed.[1]

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings in the Report should be adopted and that this case should be dismissed.

Accordingly, IT IS SO ORDERED.

[1] Report at 2.

CASE NO. URS-2018-00001
DECEMBER 17, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GASTON BROTHERS UTILITIES INC.,
Defendant

ORDER DISMISSING PROCEEDING

On February 13, 2018, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Gaston Brothers Utilities, Inc. ("Defendant" or "Gaston Brothers"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated a provision of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about May 18, 2017, the Defendant damaged a three-quarter-inch steel gas service line operated by Virginia Natural Gas, Inc., located at or near 1807 Revere Drive, Hampton, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to expose the underground utility line to its extremities by hand digging, in violation of § 56-265.24 A (1) of the Code. The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before March 7, 2018.

The Defendant filed a Response to Rule to Show Cause on March 7, 2018. On June 22, 2018, the Division and the Defendant filed Joint Stipulations pertaining to the case. The Division also filed testimony on June 22, 2018.

On July 25, 2018, the matter was heard by A. Anne Berkebile, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. John R. Lockard, Esquire, appeared as counsel for the Defendant. The Division recommended that: (1) the Defendant be enjoined from further violations of the Act; and (2) the Defendant be fined in the amount of $2,500 for the violation of the Act.[1] The Defendant maintained that the Rule should be dismissed because the Division failed to meet its burden under § 56-265.24 A (1) of the Act, failing to prove that the Defendant did not exercise reasonable care to protect VNG's line.[2]

On August 30, 2018, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner concluded that the Division established by clear and convincing evidence that the Defendant violated Code § 56-265.24 A (1) when its employee excavated within two feet of a marked utility line that had not been exposed to its extremities by hand digging.[3]

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report and, given the mitigating evidence presented by the Defendant, either waive the imposition of a civil penalty or impose a civil penalty lower than $2,500.[4]

On November 21, 2018, the Commission entered a Final Order ("November 21, 2018 Order") adopting the findings and recommendations of the Report. The Commission also assessed a civil penalty against Gaston Brothers to be suspended and subsequently vacated, in whole or in part, upon the timely development and implementation of a damage prevention training program that specifically includes training on the applicable statutes and regulations pertaining to excavation with mechanized equipment, or modifies its current damage prevention training materials to specifically include this material. The Defendant was ordered to file with the Commission documentation affirming that this training program has been developed and implemented and including copies of hand-outs or other training-related documents addressing the applicable statutes and regulations pertaining to excavation with mechanized equipment.

On April 29, 2019, Gaston Brothers submitted documentation regarding its training program to the Division.

NOW THE COMMISSION, upon consideration of this matter and after consultation with the Division, is of the opinion and finds that the documentation provided by Gaston Brothers shows that it has developed and implemented a damage prevention training program in accordance with the Commission's November 21, 2018 Order.

Accordingly, IT IS ORDERED THAT:

(1) The sum of Two Thousand Five Hundred Dollars ($2,500) is hereby vacated given the actions undertaken by the Defendant in response to the Commission's November 21, 2018 Order and given the training-related documents submitted by the Defendant to the Division addressing the applicable statutes and regulations pertaining to excavation with mechanized equipment.

(2) This case is hereby dismissed.

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[1] Ex. 4 (Rush Direct) at 9.

[2] Tr. at 8-11.

[3] Report at 9.

[4] *Id.* at 10.

CASE NO. URS-2018-00036
MAY 13, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GLOBAL FIBER TECHNOLOGIES LLC,
Defendant

FINAL ORDER

On November 1, 2018, the State Corporation Commission ("Commission") issued an Amended Rule to Show Cause ("Rule") against Global Fiber Technologies LLC ("Defendant") which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about September 6, 2017, the Defendant damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 6648 Princess Anne Road, Norfolk, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to exercise due care at all times to protect the underground utility line when exposing these lines by hand digging, in violation of Code § 56-265.24 A.

On December 12, 2018, the matter was heard by Michael D. Thomas, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. At the hearing, counsel for the Division moved for the case to be dismissed without prejudice.[1] In support of its motion, counsel for the Division expressed concern regarding the ability to obtain service of process on the Defendant.[2]

On December 17, 2018, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found that upon good cause having been shown, the Division's motion should be granted and the matter should be dismissed without prejudice.[3]

NOW THE COMMISSION, upon consideration of the Rule, the Report, the record, and the applicable statutes, is of the opinion and finds that the findings in the Report should be adopted and that this case should be dismissed without prejudice.

Accordingly, IT IS SO ORDERED.

[1] Tr. at 14-15.

[2] *Id.*

[3] Report at 1.

CASE NO. URS-2018-00142
MARCH 6, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GLOBAL SERVICES & SYSTEMS, INC.,
Defendant

FINAL ORDER

On June 7, 2018, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Global Services & Systems, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about December 27, 2017, the Defendant damaged a one-and-one-quarter-inch plastic gas service line operated by Columbia Gas of Virginia, Inc. ("CVA"), located at or near 16 Lichfield Boulevard, Stafford County, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before July 13, 2018. The Defendant failed to file a responsive pleading.

On July 25, 2018, the matter was heard by Michael D. Thomas, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and on this basis, the Division moved for default judgment ("Motion") against the Defendant.[1] Additionally, proof of mailing to the Defendant's registered agent; proof of service on the Defendant; the prefiled written testimony of Chad L. Mayhew, a safety specialist for the Division; and an incident narrative submitted to the Division by CVA were marked as exhibits and entered into the record.[2] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Code; and (2) the Defendant be fined in the amount of $2,500 for the violation of the Act.[3]

On July 30, 2018, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found by clear and convincing evidence that the Defendant violated § 56-265.24 A of the Code by failing to exercise due care at all times to protect an underground utility line from damage.[4]

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report; penalizes the Defendant the sum of $2,500 pursuant to § 56-265.32 of the Code; and enjoins the Defendant from further violations of the Act.[5] The Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[6] No comments were filed.

[1] Tr. at 10-11.

[2] *Id.* at 8-10; Ex. 1 (Proof of Service on the Defendant's Registered Agent); Ex. 2 (Proof of service on the Defendant by the Secretary of the Commonwealth); Ex. 3 (Mayhew Direct); Ex. 4c (CVA incident narrative).

[3] Tr. at 10-11.

[4] Report at 1.

[5] *Id.* at 2.

[6] *Id.*

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Report hereby are adopted.

(2) The Division's Motion hereby is granted.

(3) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars ($2,500) hereby is imposed on the Defendant for the violation found by the Hearing Examiner.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2018-00142 shall be referenced in any document transmitting payment of the penalty imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

CASE NO. URS-2018-00177
MAY 10, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
ROCK SOLID CONCEPTS, LLC
Defendant

FINAL ORDER

On August 13, 2018, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Rock Solid Concepts, LLC ("Defendant") which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about December 22, 2017, the Defendant damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 2616 Markham Street, Portsmouth, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to notify the notification center before beginning excavation, in violation of Code § 56-265.17 A.

On February 27, 2019, the Division filed its Motion to Dismiss Rule to Show Cause ("Motion"). In support of its Motion, the Division stated that upon further investigation by the Commission's Staff, Rock Solid Concepts, LLC is not the proper Defendant.

On March 15, 2019, the Report of Mary Beth Adams, Hearing Examiner ("Report") was filed. The Hearing Examiner found that the Motion should be granted and that the Commission should dismiss the Rule.[1]

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings in the Report should be adopted and that this case should be dismissed.

Accordingly, IT IS SO ORDERED.

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[1] Report at 2.

CASE NO. URS-2018-00181
MARCH 6, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
C&T BUILDING SERVICES LLC,
Defendant

FINAL ORDER

On August 13, 2018, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against C&T Building Services LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about December 12, 2017, the Defendant damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc. ("CGV"), located at or near 430 Southridge Parkway, Culpeper County, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to exercise due care at all times to protect the underground utility line, in violation of § 56-265.24 A of the Code, and failed to notify the notification center before beginning excavation, in violation of Code § 56-265.17 A.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before September 5, 2018. The Defendant failed to file a responsive pleading.

On September 26, 2018, the matter was heard by Deborah V. Ellenberg, Chief Hearing Examiner.[1] M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and on this basis, the Division moved for default judgment ("Motion") against the Defendant.[2] Additionally, proof of service on the Defendant's Resident Agent on file with the state of Maryland; proof of service on the Defendant by the Secretary of the Commonwealth; and the prefiled written testimony of Christopher S. Rush, a safety specialist for the Division, were marked as exhibits and entered into the record.[3] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Act; and (2) the Defendant be fined in the amount of $2,500 for each violation of the Act.[4]

On November 15, 2018, the Chief Hearing Examiner's Report ("Report") was filed. The Chief Hearing Examiner found the Division proved by clear and convincing evidence that: (i) the Defendant violated § 56-265.17 A of the Act by failing to notify the notification center before beginning excavation on or about December 12, 2017, and (ii) that the Defendant violated § 56-265.24 A of the Act by failing to exercise due care at all times to protect the underground utility line.[5]

The Chief Hearing Examiner recommended that the Commission enter a Default Judgment that assesses a civil penalty of $5,000 and enjoins the Defendant from further violations of the Act.[6] The Chief Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[7] No comments were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Report hereby are adopted.

(2) The Division's Motion hereby is granted.

(3) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Five Thousand Dollars ($5,000) hereby is imposed on the Defendant for the violations found by the Hearing Examiner.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2018-00181 shall be referenced in any document transmitting payment of the penalty imposed herein.

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[1] Deborah V. Ellenberg was Chief Hearing Examiner at the time of the hearing and the filing of her report in this case. She has since retired.

[2] Tr. at 17.

[3] *Id.* at 15-16; Ex. 1 (Proof of Service on the Defendant's Resident Agent); Ex. 2 (Proof of service on the Defendant by the Secretary of the Commonwealth); Ex. 3 (Rush Direct).

[4] Tr. at 17.

[5] Report at 4.

[6] *Id.*

[7] *Id*. at 5.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

CASE NO. URS-2018-00231
MARCH 11, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
GARTH RUMOL TAYLOR, INDIVIDUALLY AND d/b/a BREEZE SOLUTIONS LLC,
Defendant

FINAL ORDER

On August 17, 2018, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Garth Rumol Taylor, individually and d/b/a Breeze Solutions LLC, ("Defendant") which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code") and the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Damage Prevention Rules").

Specifically, the Rule alleged that on or about February 16, 2018, the Defendant damaged a one-half-inch plastic gas service line operated by Washington Gas Light Company, located at or near 4723 King Street, Arlington County, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to notify the notification center before beginning excavation, in violation of Code § 56-265.17 A; failed to expose the underground utility line to its extremities by hand digging, in violation of Code § 56-265.24 A; and failed to maintain a reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Damage Prevention Rules.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before September 5, 2018. The Defendant failed to file a responsive pleading.

On September 26, 2018, the matter was heard by Deborah V. Ellenberg, Chief Hearing Examiner.[1] M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and on this basis, the Division moved for default judgment ("Motion") against the Defendant.[2] Additionally, proof of service on the Defendant's Resident Agent on file with the state of Maryland; proof of service on the Defendant; proof of service on the Defendant by the Secretary of the Commonwealth; and the prefiled written testimony of Robert DeAtley, a safety specialist for the Division, were marked as exhibits and entered into the record.[3] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Act; and (2) the Defendant be fined in the amount of $2,500 for each violation of the Act and Damage Prevention Rules.[4]

On November 15, 2018, the Chief Hearing Examiner's Report ("Report") was filed. The Chief Hearing Examiner found the Division proved by clear and convincing evidence that the Defendant, by the conduct discussed above, violated Code §§ 56-265.17 A and 56-265.24 A and 20 VAC 5-309-50 B of the Damage Prevention Rules.[5]

The Chief Hearing Examiner recommended that the Commission impose a civil penalty of $7,500 and enjoin the Defendant from further violations of the Act.[6] The Chief Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[7] No comments were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

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[1] Deborah V. Ellenberg was Chief Hearing Examiner at the time of the hearing and the filing of her report in this case. She has since retired.

[2] Tr. at 12.

[3] *Id.* at 9-12; Ex. 1 (Proof of Service on the Defendant's Resident Agent); Ex. 2 (Proof of service on the Defendant and Commission DPA-1 Form); Ex. 3 (Proof of Service on the Defendant by the Secretary of the Commonwealth); and Ex.4 (DeAtley Direct).

[4] Tr. at 12.

[5] Report at 4.

[6] *Id.* at 5.

[7] *Id.*

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Report hereby are adopted.

(2) The Division's Motion hereby is granted.

(3) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Seven Thousand Five Hundred Dollars ($7,500) hereby is imposed on the Defendant for the violations found by the Chief Hearing Examiner.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2018-00231 shall be referenced in any document transmitting payment of the penalty imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

CASE NO. URS-2018-00232
MARCH 6, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
DENETRICA (DENETICA) BROOKS INDIVIDUALLY AND d/b/a BROOKS QUALITY PLUMBING LLC,
Defendant

FINAL ORDER

On August 16, 2018, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Denetrica (Denetica) Brooks individually and d/b/a Brooks Quality Plumbing LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq*.) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about February 26, 2018, the Defendant damaged a one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 1325 22nd Street, Newport News, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to notify the notification center before beginning excavation, in violation of Code § 56-265.17 A.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before September 5, 2018. The Defendant failed to file a responsive pleading.

On September 26, 2018, the matter was heard by Deborah V. Ellenberg, Chief Hearing Examiner.[1] M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and on this basis, the Division moved for default judgment ("Motion") against the Defendant.[2] Additionally, proof of service on the Defendant; a Damage Prevention Act incident report form; information regarding the Defendant's address from the Office of the Clerk of the Commission; a Virginia 811 notification ticket; proof of posted service on the Defendant; and the prefiled written testimony of Robert DeAtley, a safety specialist for the Division, were marked as exhibits and entered into the record.[3] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Act; and (2) the Defendant be fined in the amount of $2,500 for the violation of the Act.[4]

On November 15, 2018, the Chief Hearing Examiner's Report ("Report") was filed. The Chief Hearing Examiner found the Division proved by clear and convincing evidence that the Defendant violated § 56-265.17 A of the Act by failing to notify the notification center before beginning excavation on or about February 26, 2018.[5]

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[1] Deborah V. Ellenberg was Chief Hearing Examiner at the time of the hearing and the filing of her report in this case. She has since retired.

[2] Tr. at 8.

[3] *Id.* at 5-7; Ex. 1 (Proof of mailed service on the Defendant); Ex. 2 (Commission DPA-1 Form); Ex. 3 (information regarding the Defendant from the Office of the Clerk of the Commission); Ex. 4 (VA 811 notification ticket); Ex. 5 (proof of posted service on the Defendant); and Ex. 6 (DeAtley Direct).

[4] Tr. at 8.

[5] Report at 4.

The Chief Hearing Examiner recommended that the Commission enter a Default Judgment that assesses a civil penalty of $2,500 and enjoins the Defendant from further violations of the Act.[6] The Chief Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[7] No comments were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Report hereby are adopted.

(2) The Division's Motion hereby is granted.

(3) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars ($2,500) hereby is imposed on the Defendant for the violation found by the Hearing Examiner.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2018-00232 shall be referenced in any document transmitting payment of the penalty imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

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[6] *Id.*

[7] *Id.*

CASE NO. URS-2018-00241
MARCH 11, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
NEW FIBER UNDERGROUND, LLC,
Defendant

FINAL ORDER

On November 1, 2018, the State Corporation Commission ("Commission") issued an Amended Rule to Show Cause ("Rule") against New Fiber Underground, LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code"), and the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq*. ("Damage Prevention Rules").

Specifically, the Rule alleged that on or about March 5, 2018, the Defendant damaged a one-half-inch plastic gas service line operated by Washington Gas Light Company, located at or near 4000 North Ridgeview Road, Arlington County, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to take all reasonable steps necessary to properly protect, support and backfill the underground utility line, in violation of Code § 56-265.24 A; and 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 Damage Prevention Rules.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before November 21, 2018. The Defendant failed to file a responsive pleading.

On December 12, 2018, the matter was heard by Michael D. Thomas, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and, on this basis, the Division moved for default judgment ("Motion") against the Defendant.[1] Additionally, proof of service on the Defendant's Resident Agent on file with the state of Maryland; proof of service on the Defendant by the Secretary of the Commonwealth; and the prefiled written testimony of Robert DeAtley, a safety specialist for the Division, were marked as exhibits and entered into the record.[2] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Act; and (2) the Defendant be fined in the amount of $2,500 for each violation of the Act and Damage Prevention Rules.[3]

On December 20, 2018, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found by clear and convincing evidence that the Defendant violated (i) § 56-265.24 A of the Code by failing to take all reasonable steps necessary to properly protect, support, and backfill an underground utility line; and (ii) 20 VAC 5-309-150 (8) of the Damage Prevention Rules by failing to visually check the drill head as it passed through potholes, entrances, and pit exits.[4]

The Hearing Examiner recommended that the Commission impose a civil penalty of $2,500 for each violation and enjoin the Defendant from further violations of the Act.[5] The Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[6] No comments were filed.

NOW THE COMMISSION upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner's Report hereby are adopted.

(2) The Division's Motion hereby is granted.

(3) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Five Thousand Dollars ($5,000) hereby is imposed on the Defendant for the violations found by the Hearing Examiner.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2018-00241 shall be referenced in any document transmitting payment of the penalty imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

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[1] Tr. at 14.

[2] *Id.* at 12-13; Ex. 1 (Proof of Service on the Defendant's Resident Agent); Ex. 2 (Proof of Service on the Defendant by the Secretary of the Commonwealth); and Ex. 3 (DeAtley Direct).

[3] Tr. at 14.

[4] Report at 1.

[5] *Id.* at 2.

[6] *Id*.

CASE NO. URS-2018-00300
MAY 13, 2019

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

FINAL ORDER

On October 22, 2018, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against GMW Contracting, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about May 3, 2018, the Defendant damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 5717 High Street West, Portsmouth, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to notify the notification center before beginning excavation, in violation of Code § 56-265.17 A.

On December 12, 2018, the matter was heard by Michael D. Thomas, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing. At the hearing, counsel for the Division moved for the case to be continued and an Amended Rule be issued due to concerns regarding service of process.[1]

On December 14, 2018, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found that upon good cause having been shown, the Division's motion should be granted.[2]

On April 25, 2019, the Division filed its Motion To Dismiss Rule to Show Cause ("Motion"). In support of its Motion, the Division stated that the Defendant corporation no longer has an active status with the Office of the Clerk of the Commission and that the Division believes the Defendant may no longer be doing business in Virginia.

NOW THE COMMISSION, upon consideration of the Rule, the Report, the record, and the applicable statutes, is of the opinion and finds that the findings in the Report should be adopted, the Division's Motion should be granted, and this case should be dismissed without prejudice.

Accordingly, IT IS SO ORDERED.

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[1] Tr. at 17.

[2] Report at 1.

CASE NO. URS-2018-00304
MARCH 11, 2019

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

FINAL ORDER

On October17, 2018, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Ponce Electric, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about April 5, 2018, the Defendant damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 2563 John Milton Drive, Fairfax County, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to notify the notification center before beginning excavation, in violation of Code § 56-265.17 A.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before November 21, 2018. The Defendant failed to file a responsive pleading.

On December 12, 2018, the matter was heard by Michael D. Thomas, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and on this basis, the Division moved for default judgment ("Motion") against the Defendant.[1] Additionally, proof of mailing of the Rule to the Defendant's registered agent on file with the state of Georgia; proof of service on the Defendant by the Secretary of the Commonwealth; a Damage Prevention Act incident form; and the prefiled written testimony of Robert DeAtley, a safety specialist for the Division, were marked as exhibits and entered into the record.[2] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Code; and (2) the Defendant be fined in the amount of $2,500 for the violation of the Act.[3]

On December 20, 2018, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found by clear and convincing evidence that the Defendant violated § 56-265.17 A of the Code by failing to notify the notification center before beginning an excavation.[4]

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[1] Tr. at 9-10.

[2] *Id.* at 7-9; Ex. 1 (proof of signed for mailing of the Rule to the Defendant's registered agent on file with the state of Georgia); Ex. 2 (proof of service on the Defendant by the Secretary of the Commonwealth); and Ex. 3 (Commission Form DPA-3); and Ex. 4 (DeAtley Direct).

[3] Tr. at 10.

[4] Report at 1.

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report; penalizes the Defendant the sum of $2,500 pursuant to § 56-265.32 of the Code; and enjoins the Defendant from further violations of the Act.[5] The Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[6] No comments were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Report hereby are adopted.

(2) The Division's Motion hereby is granted.

(3) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars ($2,500) hereby is imposed on the Defendant for the violation found by the Hearing Examiner.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2018-00304 shall be referenced in any document transmitting payment of the penalty imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

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[5] *Id.* at 2.

[6] *Id*.

CASE NO. URS-2018-00322
MARCH 11, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
CHANDLER BITTINGER, INDIVIDUALLY AND t/a TOTAL LAWN CARE,
Defendant

FINAL ORDER

On October 17, 2018, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Chandler Bittinger, individually and t/a Total Lawn Care ("Defendant") which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq*.) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about March 15, 2018, the Defendant damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 1932 Beaver Lane, Fairfax County, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to make an additional call to the notification center, prior to excavation, after observing clear evidence of the presence of an unmarked utility line in the area of the proposed excavation, in violation of Code § 56-265.24 C.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before November 21, 2018. The Defendant failed to file a responsive pleading.

On December 12, 2018, the matter was heard by Michael D. Thomas, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and on this basis, the Division moved for default judgment ("Motion") against the Defendant.[1] Additionally, proof of mailing of the Rule to the Defendant; proof of substituted service on the Defendant; and the prefiled written testimony of Christopher S. Rush, a safety specialist for the Division, were marked as exhibits and admitted into the record.[2] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Code; and (2) the Defendant be fined in the amount of $2,500 for the violation of the Act.[3]

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[1] Tr. at 6.

[2] *Id.* at 5-6; Ex. 1 (proof of signed for mailing of the Rule to the Defendant); Ex. 2 (proof of substituted service on the Defendant) and Ex. 3 (Rush Direct).

[3] Tr. at 6.

On December 20, 2018, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner found by clear and convincing evidence that the Defendant violated § 56-265.24 C of the Code by failing to make an additional call to the notification center, prior to excavating, after observing clear evidence of the presence of an unmarked utility line in the area of the proposed excavation.[4]

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report; penalizes the Defendant the sum of $2,500 pursuant to § 56-265.32 of the Code; and enjoins the Defendant from further violations of the Act.[5] The Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[6] No comments were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Report hereby are adopted.

(2) The Division's Motion hereby is granted.

(3) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars ($2,500) hereby is imposed on the Defendant for the violation found by the Hearing Examiner.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2018-00322 shall be referenced in any document transmitting payment of the penalty imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

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[4] Report at 1.

[5] *Id.* at 2.

[6] *Id*.

CASE NO. URS-2018-00324
MAY 13, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SCOTT'S BACKHOE SERVICE, INC.,
Defendant

FINAL ORDER

On January 23, 2019, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Scott's Backhoe Service, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code") and of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act ("Damage Prevention Rules"), 20 VAC 5-309-10 *et seq*.

Specifically, the Rule alleged that on or about March 23, 2018, the Defendant damaged a one-half-inch plastic gas service line operated by the City of Charlottesville, located at or near 709 Rock Creek Road, Charlottesville, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to expose the underground utility line to its extremities by hand digging, in violation of Code § 56-265.24 A, and failed to maintain a reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Damage Prevention Rules.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before March 6, 2019. The Defendant failed to file a responsive pleading.

On March 20, 2019, the matter was heard by A. Ann Berkebile, Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and on this basis, the Division moved for default judgment ("Motion") against the Defendant.[1] Additionally, proof of service of the Rule on the Defendant and the prefiled written

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[1] Tr. at 31.

testimony of Christopher S. Rush, a safety specialist for the Division, were marked as exhibits and admitted into the record.[2] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Code; and (2) the Defendant be fined in the amount of $2,500 for each violation of the Act and the Damage Prevention Rules.[3]

On April 1, 2019, the Hearing Examiner's Report ("Report") was filed. The Hearing Examiner concluded that the Division established, by clear and convincing evidence, that the Defendant violated § 56-265.24 A of the Act and Rule 140 (4) of the Damage Prevention Rules during the March 23 incident by damaging a gas service line while excavating after failing to expose the line to its extremities and to maintain a reasonable clearance between the marked location of the line and the cutting edge or point of mechanized equipment.[4]

The Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report; grants the Division's Motion; penalizes the Defendant the sum of $5,000 pursuant to § 56-265.32 of the Code; and enjoins the Defendant from further violations of the Act.[5] The Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[6] No comments were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Report hereby are adopted.

(2) The Division's Motion hereby is granted.

(3) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Five Thousand Dollars ($5,000) hereby is imposed on the Defendant for the violations found by the Hearing Examiner.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2018-00324 shall be referenced in any document transmitting payment of the penalty imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

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[2] *Id.* at 30-31; Ex. 1 (Proof of service of process on the Defendant) and Ex. 2 (Rush Direct).

[3] Tr. at 32.

[4] Report at 4.

[5] *Id.*

[6] *Id.* at 5.

CASE NO. URS-2018-00340
JULY 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
MARINES PLUMBING LLC,
Defendant

FINAL ORDER

On January 23, 2019, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Marines Plumbing LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act, Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about May 11, 2018, the Defendant damaged a three-quarter-inch plastic gas service line operated by Washington Gas Light Company, located at or near 1704 Jumper Court, Fairfax County, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to notify the notification center after markings locating the underground utility lines became illegible, in violation of Code § 56-265.24 B.

On March 4, 2019, the Division filed its Motion to Dismiss Rule to Show Cause ("Motion"). In support of its Motion, the Division requested, upon the investigation of new evidence, that the Rule be dismissed without prejudice.

On March 7, 2019, the Senior Hearing Examiner's Report ("Report") was filed. The Senior Hearing Examiner found that the Division's Motion should be granted and that the Commission should dismiss the Rule without prejudice.[1]

NOW THE COMMISSION, upon consideration of the Rule, the Report, the record, and the applicable statutes, is of the opinion and finds that the findings in the Report should be adopted, the Division's Motion should be granted, and this case should be dismissed without prejudice.

Accordingly, IT IS SO ORDERED.

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[1] Report at 1.

CASE NO. URS-2018-00385
JUNE 25, 2019

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, Code § 56-265.14 *et seq*. 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 18, 2017, and July 12, 2018, 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 Code § 56-265.15 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 Code § 56-265.32 pursuant to Code § 56-265.19 D.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

(a) Failing on fifteen occasions to mark the approximate horizontal locations of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of Code § 56-265.19 A.

(b) Failing on twenty-three occasions to mark the underground utility lines within the time prescribed in the Act, in violation of Code § 56-265.19 A.

(c) Failing on one occasion to mark with proper color coding, in violation of Code § 56-265.21.

(d) Failing on one occasion to provide a minimum of three separate marks for each underground utility line marking, in violation of 20 VAC 5-309-110 E of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq*. ("Damage Prevention Rules").

(e) Failing on one occasion to provide markings extending a reasonable distance beyond the boundaries of the specific location of the proposed work, in violation of Damage Prevention Rule 20 VAC 5-309-110 I.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of Forty-Seven Thousand Seven Hundred Fifty Dollars ($47,750) to be paid contemporaneously with the entry of this Order.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2018-00385.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of $47,750 tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2018-00398
OCTOBER 4, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLQUE CONSTRUCTION LLC,
Defendant

FINAL ORDER

On January 30, 2019, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Colque Construction LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code"), and the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq*. ("Damage Prevention Rules").

Specifically, the Rule alleged that on or about June 14, 2018, the Defendant damaged a one-half-inch plastic gas service line operated by Washington Gas Light Company ("WGL"), located at or near 9535 Wallingford Drive, Fairfax County, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to notify the notification center before beginning excavation, in violation of Code § 56-265.17 A, and failed to promptly report the damage to the appropriate authorities by calling 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the Damage Prevention Rules.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before March 6, 2019. On March 7, 2019 the Defendant filed a letter responding to the allegations in the Rule.

On March 20, 2019, the matter was heard by A. Ann Berkebile, Senior Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and on this basis, the Division moved for default judgment ("Motion") based on the failure of the Defendant.[1] Additionally, proof of service of the Rule on the Defendant, documentation proving the Defendant's good standing to conduct business in the Commonwealth of Virginia, an affidavit from the Virginia 811 notification center reflecting that the Defendant did not have a ticket at the time of the damage, the prefiled written testimony of Chad L. Mayhew, a senior safety specialist for the Division, and a ticket from the Virginia 811 notification center from the address of the damage were marked as exhibits and entered into the record.[2] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Act; and (2) the Defendant be fined in the amount of $5,000 for the violations of the Act and the Damage Prevention Rules.[3]

On March 27, 2019, the Senior Hearing Examiner's Report ("Report") was filed. The Senior Hearing Examiner found the Defendant to be in default and found that the Division established, by clear and convincing evidence, that the Defendant violated § 56-265.17 A of the Code by failing to notify the notification center before excavating, and violated 20 VAC 5-309-200 of the Damage Prevention Rules by failing to call 911 after striking WGL's line.[4]

The Senior Hearing Examiner recommended that the Commission impose a civil penalty of $5,000 for the violations and enjoin the Defendant from further violations of the Act.[5] The Senior Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[6] No comments were filed.

NOW THE COMMISSION, upon consideration of the Rule, the Report, the record, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted, the Division's Motion should be granted, and this case should be dismissed without prejudice.

Accordingly, IT IS SO ORDERED THAT:

(1) The findings and recommendations of the Report hereby are adopted.

(2) The Division's Motion hereby is granted.

(3) In accordance with the Commissions regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Five Thousand Dollars ($5,000) hereby is imposed on the Defendant for the violations found by the Senior Hearing Examiner.

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[1] Tr. at 25-26.

[2] *Id*. at 21-24; Ex. 1 (Proof of mailed service on the Defendant and documentation proving the Defendant's good standing to conduct business in the Commonwealth of Virginia); Ex. 2 (Affidavit from the Virginia 811 notification center reflecting that the Defendant did not have a ticket at the time of the damage); Ex. 3 (Mayhew Direct); Ex. 4 (Ticket from the Virginia 811 notification center from the address of the damage by the homeowner reflecting an expiration of March 27, 2018, three months prior to the damage at issue).

[3] *Id* at 25-26.

[4] Report at 4.

[5] *Id*.

[6] *Id* at 5.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven C. Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197. Richmond, Virginia 23218. Case No. URS-2018-00398 shall be referenced in any document transmitting payment of the penalty imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

CASE NO. URS-2018-00402
JULY 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
EASTERN CONCRETE RESTORATION, LLC,
Defendant

FINAL ORDER

On January 30, 2019, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Eastern Concrete Restoration, LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq*.) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about April 11, 2018, the Defendant damaged a two-inch plastic gas service line operated by Washington Gas Light Company, located at or near 850 North Randolph Street, Arlington County, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to notify the notification center before excavating, in violation of Code § 56-265.17 A.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before March 6, 2019. The Defendant failed to file a responsive pleading.

On March 20, 2019, the matter was heard by A. Ann Berkebile, Senior Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and on this basis, the Division moved for default judgment ("Motion") against the Defendant.[1] Additionally, proof of service of the Rule on the Defendant and the testimony of Chad L. Mayhew, a safety specialist for the Division, were marked as exhibits and admitted into the record.[2] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Act; and (2) the Defendant be fined in the amount of $2,500 for the violation of the Act.[3]

On March 21, 2019, the Senior Hearing Examiner's Report ("Report") was filed. The Senior Hearing Examiner concluded that the Division's Motion should be granted and concluded that the Division established, by clear and convincing evidence, that the Defendant violated § 56-265.17 A of the Act during the incident by damaging a gas service line while excavating after failing to notify the notification center before excavating.[4]

The Senior Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report, grants the Division's Motion, penalizes the Defendant the sum of $2,500 pursuant to § 56-265.32 of the Code, and enjoins the Defendant from further violations of the Act.[5] The Senior Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[6] No comments were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Report hereby are adopted.

(2) The Division's Motion hereby is granted.

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[1] Tr. at 19.

[2] *Id*. at 17-18; Ex. 1 (Proof of service); Ex. 2 (Mayhew Direct).

[3] Tr. at 19.

[4] Report at 3.

[5] *Id*. at 4.

[6] *Id*.

(3) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars ($2,500) hereby is imposed on the Defendant for the violation found by the Senior Hearing Examiner.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2018-00402 shall be referenced in any document transmitting payment of the penalty imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

CASE NO. URS-2018-00412
JULY 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
STEVE MARONEY, INDIVIDUALLY AND d/b/a SGM EXCAVATING
Defendant

FINAL ORDER

On January 31, 2019, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Steve Maroney, Individually and d/b/a SGM Excavating ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about June 15, 2018, the Defendant excavated at or near 105-117 Regents Lane, Stafford County, Virginia, and failed to notify the notification center before beginning excavation, in violation of Code § 56-265.17 A.

On June 19, 2019, the Division filed its Motion to Dismiss Rule to Show Cause ("Motion"). In support of its Motion, the Division asserted that upon further communication with the Defendant, an alternate enforcement method is more appropriate. The Division requested that the Rule be dismissed without prejudice. [1]

On June 24, 2019, the Senior Hearing Examiner's Report ("Report") was filed. The Senior Hearing Examiner found that the Division's Motion should be granted and that the Commission should dismiss the Rule without prejudice.[2]

NOW THE COMMISSION, upon consideration of the Rule, the Report, the record, and the applicable statutes, is of the opinion and finds that the findings in the Report should be adopted, the Division's Motion should be granted, and this case should be dismissed without prejudice.

Accordingly, IT IS SO ORDERED.

[1] Motion at 1.

[2] Report at 2.

CASE NO. URS-2018-00445
JULY 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
COLEMAN AND NOVAK, INC.,
Defendant

FINAL ORDER

On January 29, 2019, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Coleman and Novak, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about July 6, 2018, the Defendant damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 3006 Acres Road, Portsmouth, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to wait 48 hours, beginning 7 a.m. the next working day following notice to the notification center before excavating, in violation of Code § 56-265.17 B.1, and failed to exercise due care at all times to protect the underground utility line when exposing these lines by hand digging, in violation of Code § 56-265.24 A.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before March 6, 2019. The Defendant failed to file a responsive pleading.

On March 20, 2019, the matter was heard by A. Ann Berkebile, Senior Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and on this basis, the Division moved for default judgment ("Motion") against the Defendant.[1] Additionally, proof of service of the Rule on the Defendant and the prefiled written testimony of Chad L. Mayhew, a safety specialist for the Division, were marked as exhibits and admitted into the record.[2] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Act; and (2) the Defendant be fined in the amount of $2,500 for each violation of the Act.[3]

On March 21, 2019, the Senior Hearing Examiner's Report ("Report") was filed. The Senior Hearing Examiner concluded that the Division's Motion should be granted and that the Division established, by clear and convincing evidence, that the Defendant violated §§ 56-265.17 B.1 and 56-265.24 A of the Act during the incident by failing to wait 48 hours after providing notice to the notification center before excavating and by damaging a gas service line while excavating after failing to expose the line to its extremities by hand digging.[4]

The Senior Hearing Examiner recommended that the Commission enter an order adopting the findings in the Report, granting the Division's Motion, penalizing the Defendant the sum of $5,000 pursuant to § 56-265.32 of the Code, and enjoining the Defendant from further violations of the Act.[5] The Senior Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[6] No comments were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Report hereby are adopted.

(2) The Division's Motion hereby is granted.

(3) In accordance with the Commission's regulatory duties and powers and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Five Thousand Dollars ($5,000) hereby is imposed on the Defendant for the violations found by the Senior Hearing Examiner.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2018-00445 shall be referenced in any document transmitting payment of the penalty imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

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[1] Tr. at 13.

[2] *Id.* at 12-13; Ex. 1 (Proof of service on the Defendant); Ex. 2 (Mayhew Direct).

[3] Tr. at 13.

[4] Report at 4.

[5] *Id.*

[6] *Id*. at 5.

CASE NO. URS-2018-00452
JULY 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
SANDY SHELTON, INDIVIDUALLY AND d/b/a NEW DESIGN STONE CO., LLC,
Defendant

FINAL ORDER

On January 24, 2019, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Sandy Shelton, Individually and d/b/a New Design Stone Co., LLC ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about July 4, 2018, the Defendant damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 2617 Jonqil Circle, Roanoke County, Virginia, while excavating. The Rule alleged that on this occasion the Defendant failed to exercise due care at all times to protect the underground utility line when exposing these lines by hand digging, in violation of Code § 56-265.24 A.

On March 20, 2019, the matter was heard by A. Ann Berkebile, Senior Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division.

At the hearing, counsel for the Division moved for the case to be dismissed ("Motion").[1] In support of its Motion, counsel for the Division stated that it had reevaluated the Defendant's excavation history, including the lack of subsequent incidents.[2] The Division agreed that the proper enforcement mechanism is a warning letter.[3]

On March 21, 2019, the Senior Hearing Examiner's Report ("Report") was filed. The Senior Hearing Examiner found that the Division's Motion should be granted and that the matter should be dismissed.[4]

NOW THE COMMISSION, upon consideration of the Rule, the Report, the record, and the applicable statutes, is of the opinion and finds that the findings in the Report should be adopted and that this case should be dismissed.

Accordingly, IT IS SO ORDERED.

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[1] Tr. at 14.

[2] *Id.*

[3] *Id.*

[4] Report at 1.

CASE NO. URS-2018-00456
JUNE 28, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
T-N-T CARPORTS, INC.,
Defendant

FINAL ORDER

On January 23, 2019, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against T-N-T Carports, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about July 19, 2018, the Defendant damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company, located at or near 4719 Long Acre Drive, N.E., Roanoke, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to notify the notification center before excavating, in violation of Code § 56-265.17 A.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before March 6, 2019. The Defendant failed to file a responsive pleading.

On March 20, 2019, the matter was heard by A. Ann Berkebile, Senior Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and on this basis the Division moved for default judgment ("Motion") against the Defendant.[1] Additionally, proof of service of the Rule on the Defendant and the prefiled written

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[1] Tr. at 11.

testimony of Robert Lewis DeAtley, a safety specialist for the Division, were marked as exhibits and admitted into the record.[2] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Act; and (2) the Defendant be fined in the amount of $2,500 for the violation of the Act.[3]

On March 21, 2019, the Senior Hearing Examiner's Report ("Report") was filed. The Senior Hearing Examiner concluded that the Division's Motion should be granted and that the Division established, by clear and convincing evidence, that the Defendant violated § 56-265.17 A of the Act during the July 19th incident by damaging a gas service line while excavating after failing to notify the notification center before excavating.[4]

The Senior Hearing Examiner recommended that the Commission enter an order that adopts the findings in the Report; grants the Division's Motion; penalizes the Defendant the sum of $2,500 pursuant to § 56-265.32 of the Code; and enjoins the Defendant from further violations of the Act.[5] The Senior Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[6] No comments were filed.

NOW THE COMMISSION, upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Report hereby are adopted.

(2) The Division's Motion hereby is granted.

(3) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars ($2,500) hereby is imposed on the Defendant for the violation found by the Hearing Examiner.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2018-00456 shall be referenced in any document transmitting payment of the penalty imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

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[2] *Id.* at 10; Ex. 1 (Proof of service of process on the Defendant) and Ex. 2 (DeAtley Direct).

[3] *Id*. at 11.

[4] Report at 3.

[5] *Id*. at 4.

[6] *Id*.

CASE NO. URS-2018-00507
JULY 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
JAMILL ANDREWS d/b/a MILLS CONCRETE,
Defendant

FINAL ORDER

On May 1, 2019, the State Corporation Commission ("Commission") issued an Amended Rule to Show Cause ("Rule") against Jamill Andrews d/b/a Mills Concrete, ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about August 27, 2018, the Defendant damaged a three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 832 Moultrie Court, Virginia Beach, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to notify the notification center before beginning an excavation as required by § 56-265.17 A of the Code.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before June 4, 2019. The Defendant failed to file a responsive pleading.

On June 25, 2019, the matter was heard by Michael D. Thomas, Senior Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and on this basis, the Division moved for default judgment ("Motion") against the Defendant.[1] Additionally, proof of service of the Rule on the Defendant, and the prefiled written testimony of Chad L. Mayhew, a senior safety specialist for the Division, were marked as exhibits and entered into record.[2] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Act; and (2) the Defendant be fined in the amount of $2,500 for the violation of the Act.[3]

On July 1, 2019, the Senior Hearing Examiner's Report ("Report") was filed. The Senior Hearing Examiner found the Defendant to be in default and found by clear and convincing evidence that the Defendant violated §56-265.17 (A) of the Code by failing to notify the notification center before beginning an excavation.

The Senior Hearing Examiner recommended that the Commission impose a civil penalty of $2,500 for the violation and enjoin the Defendant from further violations of the Act.[4] The Senior Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[5] No comments were filed.

NOW THE COMMISSION upon consideration of the Rule, the record, the Report, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted, the Division's Motion should be granted, and the case should be dismissed without prejudice.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Report hereby are adopted.

(2) The Division's Motion hereby is granted.

(3) In accordance with the Commission's regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars ($2,500) hereby is imposed on the Defendant for the violation found by the Senior Hearing Examiner.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2018-00507 shall be referenced in any document transmitting payment of the penalty imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

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[1] Tr. at 45.

[2] *Id.*at 43-45; Ex. 1 (Proof of mailed service on the Defendant); Ex. 2 (Proof of posted service on the Defendant); and Ex. 3 (Mayhew Direct).

[3] Tr. at 45.

[4] Report at 2.

[5] *Id.*

CASE NO. URS-2018-00509
JULY 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
S. J. CONNER AND SONS INC.
Defendant

FINAL ORDER

On January 30, 2019, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against S. J. Conner and Sons Inc. ("Defendant") which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code"), and the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq.* ("Damage Prevention Rules").

Specifically, the Rule alleged that on or about July 31, 2018, the Defendant damaged a one-inch plastic gas service line operated by Roanoke Gas Company, located at or near 3336 Circle Brook Drive, S.W., Roanoke County, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to expose the underground utility line to its extremities by hand digging, in violation of Code § 56-265.24 A, and failed to maintain a reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Damage Prevention Rules.

On March 1, 2019, the Division filed its Motion to Dismiss Rule to Show Cause ("Motion"). In support of its Motion, the Division requested that the Rule be dismissed without prejudice due to the investigation of new evidence subsequent to issuance of the Rule.[1]

On March 7, 2019, the Senior Hearing Examiner's Report ("Report") was filed. The Senior Hearing Examiner found that the Division's Motion should be granted, the Commission should dismiss the Rule without prejudice, and the hearing on the Rule should be cancelled.[2]

NOW THE COMMISSION, upon consideration of the Rule, the Report, the record, and the applicable statutes, is of the opinion and finds that the findings in the Report should be adopted, the Division's Motion should be granted, and this case should be dismissed without prejudice.

Accordingly, IT IS SO ORDERED.

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[1] Report at 1.

[2] *Id.*

CASE NO. URS-2018-00522
FEBRUARY 21, 2019

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, Code § 56-265.14 *et seq*. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between July 26, 2018, and October 24, 2018, 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 Code § 56-265.15 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 Code § 56-265.32 pursuant to Code § 56-265.19 D.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

(a) Failing on fifteen 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 Code § 56-265.19 A.
(b) Failing on seven occasions to mark the underground utility lines within the time prescribed in the Act, in violation of Code § 56-265.19 A.
(c) Failing on one occasion to accurately report the marking status of the underground utility line to the excavator-operator information exchange system by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of Code § 56-265.19 A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $19,050 to be paid contemporaneously with the entry of this Order.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2018-00522.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Nineteen Thousand Fifty Dollars ($19,050) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2018-00547
JULY 26, 2019

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

FINAL ORDER

On January 23, 2019, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against Virginia Carolina Pipeworks, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated provisions of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq*.) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about August 23, 2018, the Defendant damaged a one-half-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 808 Dorest Avenue, Portsmouth, Virginia, while excavating. The Rule alleged that the Defendant failed to take all reasonable steps to properly protect, support, and backfill the underground utility line by utilizing mechanized equipment within two feet of the extremities of all exposed utility lines, in violation of Code § 56-265.24 A.

On June 19, 2019, the Division filed its Motion to Dismiss Rule to Show Cause ("Motion"). In support of its Motion, the Division stated that subsequent to the hearing, the Defendant provided additional evidence that called into question the nature and circumstances of the violation. The Division requested that the Rule be dismissed without prejudice.[1]

On June 25, 2019, the Senior Hearing Examiner's Report ("Report") was filed. The Senior Hearing Examiner found that the Division's Motion should be granted and the Commission should dismiss the Rule without prejudice.[2]

NOW THE COMMISSION, upon consideration of the Rule, the Report, the record, and the applicable statutes, is of the opinion and finds that the findings in the Report should be adopted, the Division's Motion should be granted, and this case should be dismissed without prejudice.

Accordingly, IT IS SO ORDERED.

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[1] Motion at 1.

[2] Report at 2.

CASE NO. URS-2018-00564
FEBRUARY 1, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found in 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 ("Safety Standards") for gas pipeline facilities used for intrastate transportation[1] and for hazardous liquid pipeline facilities used for intrastate transportation.[2] The Commission is authorized to enforce the Gas Pipeline Safety Standards for natural gas facilities under § 56-257.2 B of the Code and to enforce the Hazardous Liquid Safety Standards for hazardous liquid pipeline facilities under Code § 56-555. These statutes allow the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division"), 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 ("Company" or "WGL"), the Defendant, and alleges that:

(1) The Company is a person within the meaning of Code § 56-257.2.

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.273(b) - Failure of the Company to make a joint in accordance with written procedures that have been proven by test or experience to produce strong gastight joints.

The Company neither admits nor denies the allegations listed herein but admits to the Commission's jurisdiction and authority to enter this Order of Settlement ("Order").

As an offer to settle all matters arising from the allegations made against it herein, the Company represents and undertakes that:

(1) The Company shall be assessed a civil penalty in the amount of Ten Thousand Dollars ($10,000), which shall be paid contemporaneously with the entry of this Order.

(2) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(3) Although the civil penalty in this Order is assessed to WGL, the probable violations can be attributed to WGL and its contractors. However, WGL is ultimately responsible for compliance with the Safety Standards. The Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalty ordered herein that is recovered from contractors shall be credited to the accounts that were charged with the cost of the work performed.

(4) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Accounts No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance within 90 days of such booking.

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 settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case is hereby docketed and assigned Case No. URS-2018-00564.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by WGL is hereby accepted.

(3) Pursuant to Code § 56-257.2 B, the Company is hereby assessed a civil penalty in the amount of Ten Thousand Dollars ($10,000), which shall be paid contemporaneously with the entry of this Order.

(4) Undertaking paragraphs (2), (3), and (4) are hereby incorporated by reference.

(5) This case is hereby dismissed.

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

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[1] The Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Gas Pipeline Safety Standards") in Virginia. *See Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program,* Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rept. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

[2] The Commission adopted Parts 195 and 199 of Title 49 of the Code of Federal Regulations to serve as minimum intrastate hazardous liquid pipeline safety standards ("Hazardous Liquid Safety Standards") in Virginia. *See Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: In the matter of adopting rules to govern the safety of intrastate hazardous liquid pipelines pursuant to the Virginia Hazardous Liquid Pipeline Safety Act,* Case No. PUE-1994-00070, 1995 S.C.C. Ann. Rep. 327, Order Adopting Rules Governing the Safety of Hazardous Liquid Pipelines (Jan. 9, 1995). The Commission is authorized to enforce the Hazardous Liquid Safety Standards for liquid pipeline facilities under § 56-555 of the Code of Virginia ("Code"), which allows the Commission to impose the fines and penalties authorized therein.

CASE NO. URS-2019-00001
JULY 26, 2019

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

ORDER OF SETTLEMENT

The federal pipeline safety statutes found in 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 ("Safety Standards") for gas pipeline facilities used for intrastate transportation[1] and for hazardous liquid pipeline facilities used for intrastate transportation.[2] The Commission is authorized to enforce the Gas Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code") and to enforce the Hazardous Liquid Safety Standards for hazardous liquid pipeline facilities under Code § 56-555. These statutes allow the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division"), 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 AmeriGas Propane, Inc. ("Company"), the Defendant, and alleges that:

(1) The Company is a person within the meaning of § 56-257.2 B of the Code.

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.727(b) - Failure of the Company to disconnect two underground propane tanks from all sources and supplies of gas and then purge of gas as required by §192.727, and NFPA 58 (2004) 6.6.6.1(G) as incorporated by reference in §192.7.

The Company neither admits nor denies the allegations listed herein but admits to the Commission's jurisdiction and authority to enter this Order ("Order").

As an offer to settle all matters arising from the allegations made against it, the Company represents and undertakes that:

(1) The Company shall be assessed a civil penalty in the amount of Eighteen Thousand Dollars ($18,000), of which Eighteen Thousand Dollars ($18,000) shall be suspended and subsequently vacated, in whole or in part, by the Commission, provided the Company timely takes the actions required by Undertaking Paragraph (2) herein and tenders the requisite certifications as required by Undertaking Paragraphs (3) and (4) herein.

(2) The Company shall undertake the following remedial actions:

(a) By no later than July 1, 2019, the Company shall undertake to examine all of its jurisdictional LPG pipeline systems at locations throughout Virginia, for improper and incomplete abandonment.

(b) By no later than April 1, 2019, the Company shall undertake to examine its Windsor Mall system for evidence of improper abandonment and take such remedial actions as required by the Safety Standards.

(3) On or before July 15, 2019, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit detailing the systems inspected pursuant to Undertaking Paragraph (2)(a) executed by the Director of Safety Compliance of AmeriGas Propane, Inc., certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2)(a). Such affidavit should reference Case No. URS-2019-00001.

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[1] The Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Gas Safety Standards") in Virginia. *See Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program,* Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rep. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

[2] The Commission adopted Parts 195 and 199 of Title 49 of the Code of Federal Regulations to serve as minimum intrastate hazardous liquid pipeline safety standards ("Hazardous Liquid Safety Standards") in Virginia. *See Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: In the matter of adopting rules to govern the safety of intrastate hazardous liquid pipelines pursuant to the Virginia Hazardous Liquid Pipeline Safety Act,* Case No. PUE-1994-00070, 1995 S.C.C. Ann. Rep. 327, Order Adopting Rules Governing the Safety of Hazardous Liquid Pipelines (Jan. 9, 1995). The Commission is authorized to enforce the Hazardous Liquid Safety Standards for liquid pipeline facilities under Code § 56-555, which allows the Commission to impose the fines and penalties authorized therein.

(4) On or before April 15, 2019, the Company shall tender to the Clerk of the Commission, with a copy to the Division, an affidavit, executed by the Director of Safety Compliance of AmeriGas Propane, Inc., certifying that the Company completed the remedial actions set forth in Undertaking Paragraph (2)(b). Such affidavit should reference Case No. URS-2019-00001.

(5) Upon timely receipt of said affidavits, the Commission may vacate up to Eighteen Thousand Dollars ($18,000) of the amount set forth in Undertaking Paragraph (1) above. Should the Company fail to tender the affidavits required by Undertaking Paragraphs (3) and (4) above, or fail to take the actions required by Undertaking Paragraph (2) above, payment of Eighteen Thousand Dollars ($18,000) shall become due and payable, and the Company shall immediately notify the Division of the reasons for the Company's failure to accomplish the actions required by Undertaking Paragraphs (2), (3), and (4) above. If, upon investigation, the Division and the Office of General Counsel determine that the reason for said failure justifies a payment lower than Eighteen Thousand Dollars ($18,000), a reduction in the amount due may be recommended to the Commission. The Commission shall determine the amount due and, upon such determination, the Company shall immediately tender to the Commission said amount.

(6) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein, nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(7) Although the civil penalty in this Order is assessed to AmeriGas Propane, Inc., the probable violations can be attributed to AmeriGas Propane, Inc., and its contractors. However, AmeriGas Propane, Inc., is ultimately responsible for compliance with the Safety Standards. The Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalty ordered herein that is recovered from contractors shall be credited to the accounts that were charged with the cost of the work performed.

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 settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case is hereby docketed and assigned Case No. URS-2019-00001.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by AmeriGas Propane, Inc., is hereby accepted.

(3) Pursuant to Code § 56-257.2 B, AmeriGas Propane, Inc. is hereby assessed a penalty in the amount of Eighteen Thousand Dollars ($18,000), all of which is hereby suspended.

(4) The sum of Eighteen Thousand Dollars ($18,000) is hereby vacated since the Company has timely undertaken the actions required in Undertaking Paragraph (2) of this Order and timely filed certification of the remedial actions required by Undertaking Paragraphs (3) and (4) of this Order.

(5) Undertaking paragraphs (5), (6), and (7) are hereby incorporated by reference.

(6) This case is hereby dismissed.

CASE NO. URS-2019-00002
APRIL 18, 2019

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

ORDER OF SETTLEMENT

The federal pipeline safety statutes found in 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[1] and for hazardous liquid pipeline facilities used for intrastate transportation.[2] The Commission is authorized to enforce the Gas Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code") and to enforce the Hazardous Liquid Safety Standards for hazardous liquid pipeline facilities under Code § 56-555.[3] These statutes allow the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division"), 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. ("Company" or "CVA"), the Defendant, and alleges that:

(1) The Company is a person within the meaning of Code § 56-257.2.

(2) The Company violated the Commission's Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.605(a) - Failure of the Company to follow its Gas Standards, Welding Manual, Section 6.3.2, by having a welder weld on an in-service pipeline without using low-hydrogen electrodes.

The Company neither admits nor denies the allegations listed herein but admits to the Commission's jurisdiction and authority to enter this Order of Settlement ("Order").

As an offer to settle all matters arising from the allegations made against it herein, the Company represents and undertakes that:

(1) The Company shall be assessed a civil penalty in the amount of Forty-six Thousand Dollars ($46,000), which shall be paid contemporaneously with the entry of this Order.

(2) Beginning no later than July 1, 2019, the Company shall require that a qualified in-service welding procedure be used for all in-service welds and that any persons performing such in-service welds shall be qualified pursuant to the Commission's Gas Safety Standards and shall follow Company in-service welding procedures.

(3) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein, nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(4) Although the civil penalty in this Order is assessed to CVA, the probable violations may be attributed to CVA and its contractors. However, CVA is ultimately responsible for compliance with the Safety Standards. The Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalty ordered herein that is recovered from contractors shall be credited to the accounts that were charged with the cost of the work performed.

(5) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Accounts No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance within 90 days of such booking.

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 settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case is hereby docketed and assigned Case No. URS-2019-00002.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by CVA is hereby accepted.

(3) Pursuant to Code § 56-257.2 B, the Company is hereby assessed a civil penalty in the amount of Forty-six Thousand Dollars ($46,000), which shall be paid contemporaneously with the entry of this Order.

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[1] The Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Gas Safety Standards") in Virginia. *See Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program,* Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rep. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

[2] The Commission adopted Parts 195 and 199 of Title 49 of the Code of Federal Regulations to serve as minimum intrastate hazardous liquid pipeline safety standards ("Hazardous Liquid Safety Standards") in Virginia. *See Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: In the matter of adopting rules to govern the safety of intrastate hazardous liquid pipelines pursuant to the Virginia Hazardous Liquid Pipeline Safety Act,* Case No. PUE-1994-00070, 1995 S.C.C. Ann. Rep. 327, Order Adopting Rules Governing the Safety of Hazardous Liquid Pipelines (Jan. 9, 1995). The Commission is authorized to enforce the Hazardous Liquid Safety Standards for liquid pipeline facilities under Code § 56-555, which allows the Commission to impose the fines and penalties authorized therein.

[3] Hereinafter, the "Gas Safety Standards" and the "Hazardous Liquid Safety Standards" are collectively referred to as the "Safety Standards."

(4) Undertaking paragraphs (2), (3), (4), and (5) are hereby incorporated by reference.

(5) This case is hereby dismissed.

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

CASE NO. URS-2019-00066
MARCH 25, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ROANOKE GAS COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, Code § 56-265.14 *et seq*. 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 3, 2018, Appalachian Power Company damaged a one-half-inch plastic gas service line operated by Roanoke Gas Company ("Company"), located at or near 2921 Colonial Avenue, S.W., Roanoke County, Virginia, while excavating.

(2) On or about December 5, 2018, S. C. Rossi & Company, Inc., damaged a two-inch plastic gas main line operated by the Company, located at or near 328 Boxley Lane, N.W., Roanoke County, Virginia, while excavating.

(3) On the occasions set out in paragraphs (1) and (2) above, the Company failed to mark the approximate horizontal location of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of Code § 56-265.19 A.

(4) On or about December 27, 2018, Thomas Chance t/a Chance Electric, damaged a one-inch plastic gas service line operated by the Company, located at or near 42 Noble Avenue, N.E., Roanoke County, Virginia, while excavating.

(5) On the occasion set out in paragraph (4) above, the Company failed to mark the underground utility line by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of Code § 56-265.19 A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of $7,150 to be paid contemporaneously with the entry of this Order.

(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 Accounts No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby is accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case hereby is docketed and assigned Case No. URS-2019-00066.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Seven Thousand One Hundred Fifty Dollars ($7,150) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2019-00067
MARCH 21, 2019

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, Code § 56-265.14 *et seq*. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about August 22, 2018, InfraSource, Inc., damaged a one-quarter-inch plastic gas service line operated by Washington Gas Light Company ("Company"), located at or near 5316 Dunsmore Road, Fairfax County, Virginia, while excavating.

(2) On or about August 25, 2018, Fairfax County Water Authority damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 4703 Declaration Court, Fairfax County, Virginia, while excavating.

(3) On or about October 3, 2018, TCM Remodeling, LLC damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 11208 Country Place, Fairfax County, Virginia, while excavating.

(4) On the occasions set out in paragraphs (1) through (3) above, the Company failed to mark the approximate horizontal locations of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of Code § 56-265.19 A.

(5) On or about August 24, 2018, Northern Pipeline Construction Company damaged a three-quarter-inch steel gas service stub operated by the Company, located at or near 6404 27th Street North, Arlington County, Virginia, while excavating.

(6) On or about September 26, 2018, Prince William Pipeline Corporation damaged a one-quarter-inch copper gas service line operated by the Company, located at or near 3260 Birchdale Square, Prince William County, Virginia, while excavating.

(7) On or about November 9, 2018, D. A. Foster Company damaged a one-quarter-inch copper gas service line operated by the Company, located at or near 5814 9th Road, Arlington County, Virginia, while excavating.

(8) On the occasions set out in paragraphs (5) through (7) above, the Company failed to mark the underground utility lines by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of Code § 56-265.19 A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of $5,750 to be paid contemporaneously with the entry of this Order.

(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 Accounts No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby is accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case hereby is docketed and assigned Case No. URS-2019-00067.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Five Thousand Seven Hundred Fifty Dollars ($5,750) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2019-00071
MAY 10, 2019

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, Code § 56-265.14 *et seq*. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between August 14, 2018, and December 17, 2018, 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 Code § 56-265.15 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 Code § 56-265.32 pursuant to Code § 56-265.19 D.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

(a) Failing on twenty-three 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 Code § 56-265.19 A.

(b) Failing on fourteen occasions to mark the underground utility lines within the time prescribed in the Act, in violation of Code § 56-265.19 A.

(c) Failing on two occasions to report the status to the excavator-operator information exchange system, in violation of Code § 56-265.19 A.

(d) Failing on three occasions to use all information necessary to mark facilities accurately, in violation of 20 VAC 5-309-110 M of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq*.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $33,700 to be paid contemporaneously with the entry of this Order.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2019-00071.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Thirty-Three Thousand Seven Hundred Dollars ($33,700) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2019-00092
OCTOBER 4, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
C.E.H. CONCRETE & SON, INC.,
Defendant

FINAL ORDER

On May 22, 2019, the State Corporation Commission ("Commission") issued a Rule to Show Cause ("Rule") against C.E.H. Concrete & Son, Inc. ("Defendant"), which set forth allegations by the Commission's Division of Utility and Railroad Safety ("Division") that the Defendant violated a provision of the Underground Utility Damage Prevention Act ("Act"), Chapter 10.3 (§ 56-265.14 *et seq.*) of Title 56 of the Code of Virginia ("Code").

Specifically, the Rule alleged that on or about October 16, 2018, the Defendant damaged a three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc., located at or near 417 Darby Road, York County, Virginia, while excavating. The Rule alleged that on this occasion, the Defendant failed to notify the notification center before beginning excavation, in violation of Code § 56-265.17 A.

The Rule directed the Defendant to file any pleading responsive to the allegations set forth in the Rule with the Clerk of the Commission on or before June 6, 2019. The Defendant failed to file a responsive pleading.

On June 25, 2019, the matter was heard by Michael D. Thomas, Senior Hearing Examiner. M. Aaron Campbell, Associate General Counsel, and William H. Harrison IV, Attorney, appeared at the hearing as counsel for the Division. The Defendant failed to appear at the hearing, and on this basis, the Division moved for default judgment ("Motion").[1] Additionally, proof of certified mailing of the Rule on the Defendant's registered agent, documentation proving the name and address of that registered agent, proof of personal service of the Rule on the Defendant, and the prefiled written testimony of Robert DeAtley, a safety specialist for the Division, were marked as exhibits and entered into the record.[2] Counsel for the Division recommended that: (1) the Defendant be enjoined from further violations of the Act; and (2) the Defendant be fined in the amount of $2,500 for violating the Act.[3]

On July 1, 2019, the Senior Hearing Examiner's Report ("Report") was filed. The Senior Hearing Examiner found the Defendant to be in default and found by clear and convincing evidence that the Defendant violated § 56-265.17 A of the Code by failing to notify the notification center before beginning an excavation.[4]

The Senior Hearing Examiner recommended that the Commission impose a civil penalty of $2,500 for the violation and enjoin the Defendant from further violations of the Act.[5] The Senior Hearing Examiner invited the parties to file comments in response to the Report within 21 days of the date thereof.[6] No comments were filed.

NOW THE COMMISSION, upon consideration of the Rule, the Report, the record, and the applicable statutes, is of the opinion and finds that the findings and recommendations of the Report should be adopted and Division's Motion should be granted.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Report hereby are adopted.

(2) The Division's Motion hereby is granted.

(3) In accordance with the Commissions regulatory duties and powers, and pursuant to § 56-265.32 of the Code, judgment is entered against the Defendant and a civil penalty of Two Thousand Five Hundred Dollars ($2,500) hereby is imposed on the Defendant for the violation found by the Senior Hearing Examiner.

(4) Payment of the penalty imposed herein shall be made no later than sixty (60) days from the date of entry of this Final Order by cashier's check or money order, payable to the Treasurer of Virginia, and such payment shall be directed to the attention of Steven C. Bradley, Director, Division of Utility and Railroad Safety, State Corporation Commission, Post Office Box 1197, Richmond, Virginia 23218. Case No. URS-2019-00092 shall be referenced in any document transmitting payment of the penalty imposed herein.

(5) The Division shall file a memorandum with the Clerk of the Commission within sixty-five (65) days of the entry of this Final Order advising whether the Defendant has transmitted the payment of the penalty imposed herein.

(6) The Defendant hereby is enjoined from any further violations of the Act.

(7) This case hereby is dismissed.

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[1] Tr. at 10.

[2] *Id*. at 8-10; Ex. 1 (Proof of certified mailing of the Rule on the Defendant's registered agent and documentation proving the name and address of that registered agent); Ex. 2 (Proof of personal service of the Rule on the Defendant); Ex. 3 (DeAtley Direct).

[3] *Id*. at 10-11.

[4] Report at 1.

[5] *Id.* at 2.

[6] *Id*.

CASE NO. URS-2019-00117
MAY 9, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ROANOKE GAS COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, Code § 56-265.14 *et seq*. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about January 21, 2019, Down Home Plumbing and Repair LLC damaged a one-half-inch steel gas service line operated by Roanoke Gas Company ("Company") located at or near 2417 Roanoke Avenue, S.W., Roanoke County, Virginia, while excavating.

(2) On or about February 14, 2019, Wells Construction Co., Inc., damaged a two-inch plastic gas main stub operated by the Company, located at or near the intersection of Grandview Avenue and Round Top Road, Roanoke 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 a.m. on the third working day following the excavator's notice to the notification center, in violation of Code § 56-265.19 A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of $5,000 to be paid contemporaneously with the entry of this Order.

(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 Accounts No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case hereby is docketed and assigned Case No. URS-2019-00117.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Five Thousand Dollars ($5,000) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2019-00147
JULY 26, 2019

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, Code § 56-265.14 *et seq*. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between August 20, 2018, and February 27, 2019, 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 Code § 56-265.15 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 Code § 56-265.32 pursuant to Code § 56-265.19 D.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

(a) Failing on nine 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 Code § 56-265.19 A.

(b) Failing on eighteen occasions to mark the underground utility lines within the time prescribed in the Act, in violation of Code § 56-265.17 C and Code § 56-265.19 A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $27,000 to be paid contemporaneously with the entry of this Order.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2019-00147.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Twenty-seven Thousand Dollars ($27,000) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2019-00151
MAY 10, 2019

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, Code § 56-265.14 *et seq*. 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 16, 2018, JP Companies, Inc., damaged a one-half-inch copper gas service line operated by Washington Gas Light Company ("Company"), located at or near 2106 Arlington Terrace, Fairfax County, Virginia, while excavating.

(2) On or about November 23, 2018, Rock Hard Excavating, Inc., damaged a one-half-inch plastic gas service stub operated by the Company, located at or near 1418 Kirby Road, Fairfax County, Virginia, while excavating.

(3) On or about November 28, 2018, Ardent Company, Inc., damaged a one-half-inch copper gas service line operated by the Company, located at or near 3251 Washington Boulevard, Arlington County, Virginia, while excavating.

(4) On or about November 29, 2018, Liberty Plumbing, Inc., damaged a three-quarter-inch steel gas service line operated by the Company, located at or near 6356 Wingate Street, Fairfax County, Virginia, while excavating.

(5) On or about December 7, 2018, Sagres Construction Corporation damaged a one-half-inch plastic gas service stub operated by the Company, located at or near 6401 29th Street North, Arlington, Virginia, while excavating.

(6) On the occasions set out in paragraphs (1) through (5) above, the Company failed to mark the underground utility lines by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of Code § 56-265.19 A.

(7) On or about November 26, 2018, Interstate Enterprises, Inc., damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 1909 Windmill Lane, Fairfax County, Virginia, while excavating.

(8) On or about November 27, 2018, Benchmark Utility Services, LLC damaged a three-quarter-inch plastic gas service line operated by the Company, located at or near 8964 Old Tolson Road, Fairfax County, Virginia, while excavating.

(9) On or about December 5, 2018, Kramer and Sons Plumbing Services, Inc., damaged a one-quarter-inch plastic gas service line operated by the Company, located at or near 9600 Counsellor Drive, N.W., Fairfax County, Virginia, while excavating.

(10) On the occasions set out in paragraphs (7) through (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 Code § 56-265.19 A.

(11) On or about February 27, 2019, the Company excavated at or near 1118 Arcturus Lane, Fairfax County, Virginia.

(12) On the occasion set out in paragraph (11) above, the Company failed to expose the underground utility line to its extremities by hand digging, in violation of Code § 56-265.24 A.

(13) On the occasion set out in paragraph (11) above, the Company failed to maintain a reasonable clearance between the marked location of an underground utility line and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq*.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of $8,700 to be paid contemporaneously with the entry of this Order.

(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 Accounts No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby is accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case hereby is docketed and assigned Case No. URS-2019-00151.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Eight Thousand Seven Hundred Dollars ($8,700) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2019-00170
JULY 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

The federal pipeline safety statutes found in 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 ("Safety Standards") for gas pipeline facilities used for intrastate transportation[1] and for hazardous liquid pipeline facilities used for intrastate transportation.[2] The Commission is authorized to enforce the Gas Safety Standards for natural gas facilities under § 56-257.2 B of the Code of Virginia ("Code") and to enforce the Hazardous Liquid Safety Standards for hazardous liquid pipeline facilities under Code § 56-555. These statutes allow the Commission to impose the fines and penalties authorized therein.

The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of each jurisdictional gas company's compliance with the Gas Safety Standards, has conducted various inspections of records, construction, operation, and maintenance activities involving Washington Gas Light Company ("Company" or "WGL"), the Defendant, and alleges that:

(1) The Company is a person within the meaning of Code § 56-257.2.

(2) The Company violated the Commission's Gas Safety Standards by the following conduct:

(a) 49 C.F.R. § 192.805 (b) - Failure of the Company to ensure through evaluation that individuals performing covered tasks are qualified.

The Company neither admits nor denies the allegations listed herein but admits to the Commission's jurisdiction and authority to enter this Order of Settlement ("Order").

As an offer to settle all matters arising from the allegations made against it herein, the Company represents and undertakes that:

(1) The Company shall be assessed a civil penalty in the amount of Twenty-eight Thousand Dollars ($28,000), which shall be paid contemporaneously with the entry of this Order.

(2) This settlement does not prohibit the Commission Staff from submitting, in any present or future Commission proceeding involving the Company, any information discovered or obtained in the course of the Division's investigation and inspections described herein; nor does this settlement prohibit the Company from submitting information contradicting or mitigating the information submitted by the Commission Staff.

(3) Although the civil penalty in this Order is assessed to WGL, the probable violations can be attributed to WGL and its contractors. However, WGL is ultimately responsible for compliance with the Gas Safety Standards. The Company shall bear the financial responsibility for this civil penalty. Any part of the civil penalty ordered herein that is recovered from contractors shall be credited to the accounts that were charged with the cost of the work performed.

(4) Any amounts paid in accordance with this Order shall not be recovered in the Company's rates. Any such amounts shall be booked in Uniform System of Accounts No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Utility Accounting and Finance within 90 days of such booking.

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 settlement set forth above should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case is hereby docketed and assigned Case No. URS-2019-00170.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by WGL is hereby accepted.

(3) Pursuant to Code § 56-257.2 B, the Company is hereby assessed a civil penalty in the amount of Twenty-eight Thousand Dollars ($28,000), which shall be paid contemporaneously with the entry of this Order.

(4) Undertaking paragraphs (2), (3), and (4) are hereby incorporated by reference.

(5) This case is hereby dismissed.

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

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[1] The Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Gas Safety Standards") in Virginia. *See Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program,* Case No. PUE-1989-00052, 1989 S.C.C. Ann. Rep. 312, Order Vacating Previous Order and Adopting Standard Regulations and Procedures Pertaining to Gas Pipeline Safety in Virginia (July 6, 1989).

[2] The Commission adopted Parts 195 and 199 of Title 49 of the Code of Federal Regulations to serve as minimum intrastate hazardous liquid pipeline safety standards ("Hazardous Liquid Safety Standards") in Virginia. *See Commonwealth of Virginia ex rel. State Corporation Commission, Ex Parte: In the matter of adopting rules to govern the safety of intrastate hazardous liquid pipelines pursuant to the Virginia Hazardous Liquid Pipeline Safety Act,* Case No. PUE-1994-00070, 1995 S.C.C. Ann. Rep. 327, Order Adopting Rules Governing the Safety of Hazardous Liquid Pipelines (Jan. 9, 1995). The Commission is authorized to enforce the Hazardous Liquid Safety Standards for liquid pipeline facilities under Code § 56-555, which allows the Commission to impose the fines and penalties authorized therein.

CASE NO. URS-2019-00192
AUGUST 2, 2019

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, Code § 56-265.14 *et seq*. 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 15, 2018, and May 22, 2019, 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 Code § 56-265.15 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 Code § 56-265.32 pursuant to Code § 56-265.19 D.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

(a) Failing on thirteen 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 Code § 56-265.19 A.

(b) Failing on fifteen occasions to mark the underground utility lines within the time prescribed in the Act, in violation of Code § 56-265.19 A.

(c) Failing on one occasion to accurately report the marking status of the underground utility line to the excavator-operator information exchange system by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of Code § 56-265.19 A.

(d) Failing on one occasion to respond to an emergency notice as soon as possible but no later than three hours from the excavator's call to the notification center, in violation of Code § 56-265.19 H.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $27,450 to be paid contemporaneously with the entry of this Order.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2019-00192.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Twenty-seven Thousand Four Hundred Fifty Dollars ($27,450) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2019-00194
SEPTEMBER 13, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
WAYJO, 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, Code § 56-265.14 *et seq*. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about November 8, 2018, Wayjo, Inc. ("Company"), damaged an eight-inch steel gas main line operated by the City of Richmond, located at or near 4201 Bells Road (Gate F), Richmond, Virginia, while excavating.

(2) On the occasion set out in paragraph (1) above, the Company failed to provide notice to the notification center with proper information, in violation of Code § 56-265.18.

(3) On the occasion set out in paragraph (1) above, the Company failed, in four instances, to expose the underground utility lines to their extremities by hand digging, in violation of Code § 56-265.24 A.

(4) On the occasion set out in paragraph (1) above, the Company failed, in four instances, to expose all utility lines which were in the bore path by hand digging to establish the underground utility lines' location prior to commencing bore, in violation of 20 VAC 5-309-150 (6) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq*.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement and Dismissing Proceeding.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company has offered, and agreed to comply with, the following terms and undertakings:

(1) That it will pay a civil penalty to the Commonwealth of Virginia in the amount of $5,700.

(2) That $1,750 of said penalty will be vacated upon the condition that the Company conducts a training session for its employees on the subject of underground utility damage prevention and submits documentation evidencing the training session to the Commission contemporaneously with the entry of this Order.

(3) That the $3,950 balance of said penalty will be paid contemporaneously with the entry of this Order.

The Company has now complied fully with the terms and undertakings of the settlement as outlined herein. Documentation evidencing the training session on the subject of underground utility damage prevention has been submitted on a timely basis in accordance with the undertakings set forth above.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for acceptance of the Company's offer of settlement and evidence of training, hereby accepts this offer of settlement and evidence of training. Because the Company has complied with the terms and undertakings accepted herein, the remainder of the penalty should be vacated and this case dismissed.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case hereby is docketed and assigned Case No. URS-2019-00194.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The Company hereby is penalized in the amount of Five Thousand Seven Hundred Dollars ($5,700).

(4) The sum of Three Thousand Nine Hundred Fifty Dollars ($3,950) tendered contemporaneously with the entry of this Order is accepted.

(5) The remainder of the penalty amount, One Thousand Seven Hundred Fifty Dollars ($1,750), shall be vacated.

(6) This case hereby is dismissed.

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

CASE NO. URS-2019-00195
JULY 26, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
LAKESIDE CONCRETE ENTERPRISES, 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, Code § 56-265.14 *et seq*. 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 11, 2019, Lakeside Concrete Enterprises, Inc. ("Company"), damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 6304 - 6308 Anise Circle, Chesterfield County, Virginia, while excavating.

(2) On or about April 15, 2019, the Company damaged a one-inch plastic gas service line operated by Columbia Gas of Virginia, Inc., located at or near 6304 Anise Circle, Chesterfield County, Virginia, while excavating.

(3) On the occasion set out in paragraph (1) above, the Company failed to notify the notification center before beginning excavation, in violation of Code § 56-265.17 A.

(4) On the occasion set out in paragraph (2) above, the Company failed to wait forty-eight hours, beginning 7 a.m. the next working day following notice to the notification center before excavating, in violation of Code § 56-265.17 B.1.

(5) 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 Code § 56-265.24 D.

(6) On the occasions set out in paragraphs (1) and (2) above, the Company failed to take immediate steps reasonably calculated to safeguard life, health and property, in violation of Code § 56-265.24 E.

(7) On the occasions set out in paragraphs (1) and (2) above, the Company failed to promptly report the damage to the appropriate authorities by calling 911 after the escape of flammable, toxic, or hazardous gas due to excavation, in violation of 20 VAC 5-309-200 of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq*.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $12,800 to be paid contemporaneously with the entry of this Order.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case hereby is docketed and assigned Case No. URS-2019-00195.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Twelve Thousand Eight Hundred Dollars ($12,800) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2019-00203
JULY 10, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ROANOKE GAS COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, Code § 56-265.14 *et seq*. 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 13, 2019, the City of Salem damaged a two-inch plastic gas main line operated by Roanoke Gas Company ("Company"), located at or near 649 Boon Street, Salem, Virginia, while excavating.

(2) On or about April 8, 2019, Holland Fence Co., LLC, damaged a one-inch plastic gas service line operated by Roanoke Gas Company, located at or near 6731 Old Fincastle Road, Botetourt County, Virginia, while excavating.

(3) On the occasions set out in paragraphs (1) and (2) above, the Company failed to mark the approximate horizontal locations of the underground utility lines on the ground to within two feet of either side of the underground utility line, in violation of Code § 56-265.19 A.

(4) On or about February 5, 2019, the City of Salem damaged a two-inch plastic gas main line operated by Roanoke Gas Company, located at or near the intersection of Slemp Street and Catawba Drive, Salem, Virginia, while excavating.

(5) On the occasion set out in paragraph (4) above, the Company failed to mark the underground utility line by no later than 7 a.m. on the third working day following the excavator's notice to the notification center, in violation of Code § 56-265.19 A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of $7,050 to be paid contemporaneously with the entry of this Order.

(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 Accounts No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby is accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case hereby is docketed and assigned Case No. URS-2019-00203.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Seven Thousand Fifty Dollars ($7,050) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2019-00268
NOVEMBER 1, 2019

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, Code § 56-265.14 *et seq*. The Commission's Division of Utility and Railroad Safety ("Division"), charged with the investigation of probable violations of the Act, has completed investigations of certain incidents that occurred between January 17, 2019, and May 23, 2019, 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 Code § 56-265.15 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 Code § 56-265.32 pursuant to Code § 56-265.19 D.

(2) During the aforementioned period, the Company violated the Act by the following conduct:

(a) Failing on nine 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 Code § 56-265.19 A.

(b) Failing on ten occasions to mark the underground utility lines within the time prescribed in the Act, in violation of Code § 56-265.19 A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $18,050 to be paid contemporaneously with the entry of this Order.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case shall be docketed and assigned Case No. URS-2019-00268.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Eighteen Thousand Fifty Dollars ($18,050) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2019-00281
SEPTEMBER 11, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ATLAS PLUMBING, 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, Code § 56-265.14 *et seq*. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about January 29, 2019, in two instances, Atlas Plumbing, LLC ("Company") damaged a two-inch plastic gas main line operated by Columbia Gas of Virginia, Inc., located at or near 83 Penns Charter Lane, Stafford County, Virginia, while excavating.

(2) On or about January 29, 2019, the Company damaged a two-inch plastic gas main line operated by Columbia Gas of Virginia, Inc., located at or near 79 Penns Charter Lane, Stafford County, Virginia, while excavating.

(3) On or about January 29, 2019, the Company damaged a copper gas tracer wire operated by Columbia Gas of Virginia, Inc., located at or near 84 Penns Charter Lane, Stafford County, Virginia, while excavating.

(4) On the occasions set out in paragraph (1) through (3) above, the Company failed to take all reasonable steps necessary to properly protect, support and backfill the underground utility lines, in violation of Code § 56-265.24 A.

(5) On the occasion set out in paragraph (1) above, the Company failed to notify the notification center after markings locating the underground utility lines became illegible, in violation of Code § 56-265.24 B.

(6) On the occasion set out in paragraph (3) above, the Company failed to immediately notify the operator of the damage, in violation of Code § 56-265.24 D.

(7) On the occasions set out in paragraphs (2) and (3) above, the Company failed maintain a reasonable clearance between the marked locations of underground utility lines and the cutting edge or point of any mechanized equipment, in violation of 20 VAC 5-309-140 (4) of the Commission's Rules for Enforcement of the Underground Utility Damage Prevention Act, 20 VAC 5-309-10 *et seq*. ("Damage Prevention Rules").

(8) On the occasion set out in paragraph (1) above, the Company failed to reasonably protect and preserve markings, in violation of Damage Prevention Rule 20 VAC 5-309-170.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters before the Commission arising from the Division's allegations herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $5,300 to be paid contemporaneously with the entry of this Order.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case hereby is docketed and assigned Case No. URS-2019-00281.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Five Thousand Three Hundred Dollars ($5,300) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2019-00356
DECEMBER 17, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
VERIZON VIRGINIA 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, Code § 56-265.14 *et seq*. The Commission's Division of Utility and Railroad Safety ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about August 21, 2019, Hurricane Fence Co. excavated at or near 10518 Ridgerun Road, Chesterfield County, Virginia.

(2) On or about August 21, 2019, D.L. Jones Plumbing excavated at or near 16107 Founders Bridge Court, Chesterfield County, Virginia.

(3) On or about August 21, 2019, Beautiful Plantings by Lisa, LLC, excavated at or near 11410 Edenberry Drive, Richmond, Virginia.

(4) On or about August 21, 2019, Sharon Ellis, homeowner, excavated at or near 11217 Woodthrush Court, Chesterfield County, Virginia.

(5) On or about September 9, 2019, Mastec North America, Inc., excavated at or near 14320 Newgate Road, Chesterfield County, Virginia.

(6) On or about September 13, 2019, Seabar Communications, Incorporated, excavated at or near 30 Village Grove Road, Fredericksburg, Virginia.

(7) On or about September 13, 2019, Seabar Communications, Incorporated, excavated at or near 6105 Linsert Lane, Fredericksburg, Virginia.

(8) On or about September 13, 2019, Carol A. Scott, homeowner, excavated at or near 2413 Pinecrest Lane, Fredericksburg, Virginia.

(9) On or about September 18, 2019, Branson's Tree Service and Lawncare, LLC, excavated at or near 77 Riggs Road, Fredericksburg, Virginia.

(10) On or about September 18, 2019, Seabar Communications, Incorporated, excavated at or near 11208 Wedgemere Court, Fredericksburg, Virginia.

(11) On or about September 18, 2019, Seabar Communications Incorporated, excavated at or near 5201 McManus Drive, Fredericksburg, Virginia.

(12) On the occasions set out in paragraphs (1) through (11) above, Verizon Virginia LLC ("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 Code § 56-265.19 A.

(13) On the occasion set out in paragraph (5) above, the Company failed on two instances 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 Code § 56-265.19 A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of $19,500 to be paid contemporaneously with the entry of this Order.

(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 Accounts No. 32.7370. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby is accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case hereby is docketed and assigned Case No. URS-2019-00356.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Nineteen Thousand Five Hundred Dollars ($19,500) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

CASE NO. URS-2019-00359
NOVEMBER 1, 2019

COMMONWEALTH OF VIRGINIA, *ex rel*.
STATE CORPORATION COMMISSION
v.
ATMOS ENERGY CORPORATION,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia ("Code"), the State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, Code § 56-265.14 *et seq*. 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 17, 2019, Davis H. Elliott Construction Company, Inc., damaged a four-inch plastic gas main operated by Atmos Energy Corporation ("Company") located at or near 3994 Pepperell Way, Pulaski County, Virginia, while excavating.

(2) On or about June 24, 2019, Little B Enterprises, Inc., damaged a one-half-inch steel gas service line operated by the Company, located at or near the intersection of Chapman Road and Malin Drive, Wythe County, Virginia, while excavating.

(3) On or about July 1, 2019, Stoney's Small Home Repair damaged a one-half-inch plastic gas service line operated by the Company, located at 604 Floyd Street, Montgomery County, Virginia, while excavating.

(4) On the occasions set out in paragraphs (1) through (3) above, the Company failed to mark the approximate horizontal locations of the underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of Code § 56-265.19 A.

(5) On or about June 25, 2019, Michels Corporation damaged a one-half-inch plastic gas service stub operated by the Company, located at 1142 West Main Street, Washington County, Virginia, while excavating.

(6) On or about July 17, 2019, Exterior Services damaged a two-inch plastic gas main operated by the Company, located at 290 Oak Tree Boulevard, Montgomery County, Virginia, while excavating.

(7) On or about July 22, 2019, Virginia Tech Electric Service damaged a one-half-inch steel gas service line operated by the Company, located at 505 Airport Road, Montgomery County, Virginia, while excavating.

(8) On or about July 24, 2019, Virginia Tech Electric Service damaged a two-inch plastic gas main operated by the Company, located at 803 South Main Street, Montgomery County, Virginia, while excavating.

(9) On the occasions set out in paragraphs (5) through (8) 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 Code § 56-265.19 A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Order.

As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of $13,300 to be paid contemporaneously with the entry of this Order.

(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 Accounts No. 426.3. The Company shall verify its booking by filing a copy of the journal entries made to record such amounts with the Commission's Division of Utility Accounting and Finance.

NOW THE COMMISSION, being advised by the Division and finding sufficient basis herein for the entry of this Order, hereby is accepts this settlement.

Accordingly, IT IS ORDERED THAT:

(1) The captioned case hereby is docketed and assigned Case No. URS-2019-00359.

(2) Pursuant to the authority granted to the Commission by Code § 12.1-15, the offer of settlement made by the Company hereby is accepted.

(3) The sum of Thirteen Thousand Three Hundred Dollars ($13,300) tendered contemporaneously with the entry of this Order is accepted.

(4) This case hereby is dismissed.

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

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 2018 and 2019.

CORPORATIONS

	12/31/18	12/31/19
Virginia Corporations		
Certificates of Incorporation issued	12,703	11,887
Voluntary terminations	3,125	3,406
Involuntary terminations	1	1
Automatic terminations (Assessment/AR/RA Resignation)	13,621	13,598
Reinstatements of corporate existence	6,831	6,844
Charters amended	1,706	1,609
On Record		
Active Stock Corporations	119,191	119,646
Active Non-Stock Corporations	46,675	48,416
Total Active Virginia Corporations	165,866	168,062
Foreign Corporations		
Certificates of Authority to do business in Virginia Issued	2,981	3,018
Voluntary withdrawals from Virginia	1,000	990
Automatic Revocations (Assessment/AR/RA Resignation)	2,028	2,082
Reinstatement of surrendered or revoked certificates	1,250	1,338
Charters Amended	737	641
On Record		
Active Stock Corporations	37,203	38,571
Active Non-Stock Corporations	2,955	3,057
Total Active Foreign Corporations	40,158	41,628
Total Active Corporations (Virginia and Foreign)	206,024	209,690

LIMITED LIABILITY COMPANIES

	12/31/18	12/31/19
Virginia Limited Liability Companies		
Certificates of Organization issued	72,305	72,488
Voluntary cancellations	9,166	8,966
Automatic cancellations (Assessment/RA Resignation)	42,599	45,491
Reinstatements of existence	9,272	9,471
Articles of Organization amended	2,778	2,873
On Record		
Active Virginia Limited Liability Companies	356,352	388,908
Foreign Limited Liability Companies		
Certificates of Registration issued	4,864	5,180
Voluntary cancellations	1,111	1,093
Automatic cancellations (Assessment/RA Resignation)	1,777	1,766
Reinstatement of canceled certificates	569	611
Certificates of Registration amended	0	0
On Record		
Active Foreign Limited Liability Companies	31,426	34,454
Total Active Limited Liability Companies (Virginia and Foreign)	387,778	423,362

BUSINESS TRUSTS

Virginia Business Trusts	12/31/18	12/31/19
Certificates of Trust issued	30	39
Voluntary cancellations	8	4
Automatic cancellations (Assessment/RA Resignation)	28	0
Reinstatements of existence	9	9
Articles of Trust amended	2	7
On Record		
Active Virginia Business Trusts	238	290
Foreign Business Trusts		
Certificates of Registration issued	11	17
Voluntary cancellations	2	3
Automatic cancellations (Assessment/RA Resignation)	6	0
Reinstatement of canceled certificates	0	0
Certificates of Registration amended	0	5
On Record		
Active Foreign Business Trusts	88	110
Total Active Business Trusts (Virginia and Foreign)	326	400

LIMITED PARTNERSHIPS

Virginia Limited Partnerships	12/31/18	12/31/19
Certificates of Limited Partnership filed	82	146
Voluntary cancellations	107	87
Automatic cancellations (Assessment/RA Resignation)	204	0
Reinstatements of existence	47	52
Certificates of Limited Partnership amended	223	180
On Record		
Active Virginia Limited Partnerships	4,372	4,486
Foreign Limited Partnerships		
Certificates of Registration issued	111	98
Voluntary cancellations	57	72
Automatic cancellations (Assessment/RA Resignation)	64	2
Reinstatement of canceled certificates	17	12
Certificates of Registration amended	0	0
On Record		
Active Foreign Limited Partnerships	1,557	1,587
Total Active Limited Partnerships (Virginia and Foreign)	5,929	6,073

GENERAL PARTNERSHIPS

	12/31/18	12/31/19
General Partnership Statements filed	117	108
On Record		
Active Virginia General Partnerships	590	550
Active Foreign General Partnerships	83	88
Total Active General Partnerships (Virginia and Foreign)	673	638

REGISTERED LIMITED LIABILITY PARTNERSHIPS

	12/31/18	12/31/19
Statement of Registration as a Virginia Registered Limited Liability Partnerships filed	51	53
Statement of Registration as a Foreign Registered Limited Liability Partnerships filed	23	31
Total Active Registered Limited Liability Partnerships (Virginia and Foreign)	1,289	1,260

COMPARISON OF REVENUES DEPOSITED BY THE CLERK'S OFFICE FOR THE FISCAL YEARS ENDING JUNE 30, 2018 AND JUNE 30, 2019

General Fund	2018	2019	(Difference)
Charter Fees	$1,360,695.00	$1,392,500.00	$31,805.00
Entrance Fees	1,404,675.00	1,379,415.00	(25,260.00)
Filing Fees	600,275.00	591,475.00	(8,800.00)
Registered Name	1,890.00	1,960.00	70.00
Registered Office and Agent	0.00	0.00	0.00
Service of Process	41,100.00	45,030.00	3,930.00
Copy and Recording Fees	0.00	0.00	0.00
SCC Annual Report Sales	0.00	0.00	0.00
Uniform Commercial Code Revenues	1,729,420.00	1,764,730.00	35,310.00
Excess Fees Transferred to Unclaimed Property	311,977.47	315,884.00	3,906.53
Miscellaneous Sales	0.00	0.00	0.00
TOTAL	$5,450,032.47	$5,490,994.00	$40,961.53
Special Fund			
Domestic-Foreign Corp. Registration Fee	$31,289,102.04	$31,850,073.10	$560,961.06
Limited Partnership Registration Fee	310,085.00	298,199.00	(11,886.00)
Reserved Name - Limited Partnership	11,600.00	9,575.00	(2,025.00)
Certificate Limited Partnership	11,475.00	10,100.00	(1,375.00)
Application Reg. Foreign LP	10,025.00	11,000.00	975.00
Reinstatement LP	10,600.00	10,300.00	(300.00)
Registration Fee LLC	15,679,400.79	17,145,826.00	1,466,425.21
Application For. Reg. LLC	473,075.00	509,125.00	36,050.00
Art. of Org. Dom. LLC	6,902,000.00	7,541,575.00	639,575.00
AMEND, CANC., CORR. RAC, etc. LLC	421,540.00	448,204.00	26,664.00
SCC Bad Check Fee	20,495.00	23,564.00	3,069.00
Interest on Del. Tax	0.00	0.00	0.00
Penalty on Non-Pay Fees by Due Date	1,899,195.77	2,087,345.35	188,149.58
Statement of Reg. as Domestic LLP	4,700.00	4,600.00	(100.00)
LLP Annual Continuation	54,000.00	63,400.00	9,400.00
Statement of Partnership Authority GP Dom.	2,550.00	2,000.00	(550.00)
Statement of Partnership Authority GP For.	125.00	175.00	50.00
Statement of Amendments - GP	1,675.00	1,300.00	(375.00)
Statement of Reg. as Foreign LLP	2,700.00	2,500.00	(200.00)
Statement of Amendment LLP	275.00	325.00	50.00
Reinstatement LLC, BT	922,200.00	1,019,620.00	97,420.00
Tape Sales, Misc. Fees	0.00	0.00	0.00
Copies, Recording Fees	413,721.20	418,351.00	4,629.80
Recovery of Prior Yr. Expenses	63,992.65	9,733.80	(54,258.85)
LLP Reinstatement	0.00	0.00	0.00
Expedite Fee Collected	1,342,648.00	1,320,937.00	(21,711.00)
TOTAL	$59,847,180.45	$62,787,828.25	$2,940,647.80
Valuation Fund			
Corp. Operations Rec. of Copy and Cert. Fees	$24.90	$0.00	($24.90)
Recovery of Prior Year Expenses	$0.00	$0.00	$0.00
TOTAL	$24.90	$0.00	($24.90)
Trust & Agency Fund			
Fines imposed and collected by SCC	$538,100.00	$216,000.00	($322,100.00)
Debt Set Off Collections	$0.00	$0.00	$0.00
TOTAL	$538,100.00	$216,000.00	($322,100.00)
GRAND TOTAL	$65,835,337.82	$68,494,822.25	$2,659,484.43

COMPARISON OF FEES COLLECTED BY THE BUREAU OF FINANCIAL INSTITUTIONS FOR FISCAL YEARS ENDING JUNE 30, 2018 AND JUNE 30, 2019

	2018		2019	
Banks	$8,854,759		$7,423,525	(4)
Savings Institutions and Savings Banks	8,721		6,734	(4)
Consumer Finance Licensees	201,628	(1)	440,564	
Credit Unions	934,581	(2)	1,531,391	(5)
Trust Subsidiaries and Trust Companies	20,501		25,946	
Industrial Loan Associations	2,400		3,600	
Money Order Sellers and Transmitters	732,618		906,707	
Credit Counseling Agency Licensees	44,259		53,707	
Mortgage Lenders and Mortgage Brokers	877,103	(3)	770,951	(6)
Mortgage Loan Originators	2,233,630		1,971,710	
Check Cashers	90,550		94,100	
Payday Lenders	240,583		231,170	
Motor Vehicle Title Lenders	659,127		616,859	
Miscellaneous Collections	108,174		73,160	
TOTAL	$15,008,634		$14,150,124	

Notes:
(1) The consumer finance assessment was reduced 50% in Fiscal 2018.
(2) The credit union assessment was reduced 50% in Fiscal 2018.
(3) The mortgage lender and broker assessment was reduced 50% in Fiscal 2018.
(4) The bank and savings institutions assessments were reduced 20% in Fiscal 2019.
(5) The credit union assessment was reduced 20% in Fiscal 2019.
(6) The mortgage lender and broker assessment was reduced 55% in Fiscal 2019.

CONSUMER SERVICES

The Bureau received and acted upon 309 formal written complaints during 2019 and recovered $35,802 on behalf of Virginia consumers.

COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE FOR THE FISCAL YEARS ENDING JUNE 30, 2018 AND JUNE 30, 2019

General Fund	2018	2019	Increase or (Decrease)
Gross Premium Taxes of Insurance Companies	$0.00	$0.00	$0.00
Fraternal Benefit Societies Licenses	460.00	500.00	40.00
Interest on Delinquent Taxes	0.00	0.00	0.00
Penalty on non-payment of taxes by due date	6,000.00	0.00	(6,000.00)
Special Fund			
Company License Application Fees	$18,500.00	$17,000.00	($1,500.00)
Health Maintenance Organization License Fees	0.00	0.00	0.00
Automobile Club/Agent Licenses	0.00	0.00	0.00
Insurance Premium Finance Companies Licenses	13,700.00	13,600.00	(100.00)
Fraternal Benefit Societies Licenses	0.00	0.00	0.00
Agent Appointment Fees	15,238,120.00	16,206,290.00	968,800.00
Surplus Lines Broker Licenses	131,600.00	138,750.00	7,150.00
Home Service Contract Providers License Fees	0.00	0.00	0.00
Title Settlement Agent Fees	74,780.00	6,600.00	(68,180.00)
Producer License Application Fees	1,148,130.00	1,276,280.00	128,150.00
Surety Bail Bondsmen License Fees	0.00	0.00	0.00
P&C Consultant License Fees	75,850.00	76,500.00	650.00
Recording, Copying, and Certifying Public Records Fees	709.50	255.00	(454.50)
SCC Bad Check Fees	1,645.00	2,905.00	1,260.00
Managed Care Health Ins. Plan Appeals Fees	0.00	0.00	0.00
Administrative Penalty Payment	0.00	0.00	0.00
State Publication Sales	0.00	0.00	0.00
Assessments to Insurance Companies for Maintenance of the Bureau of Insurance	9,495,657.88	10,475,001.00	979,343.12
Reinsurance Intermediary Broker Fees	1,000.00	2,000.00	1,000.00

Reinsurance Intermediary Manager Fees	500.00	0.00	(500.00)
Managing General Agent Fees	8,000.00	6,000.00	(2,000.00)
Viatical Settlement Provider License Fees	7,400.00	7,400.00	0.00
Viatical Settlement Broker License Fees	8,700.00	9,250.00	550.00
MCHIP Assessment	0.00	0.00	0.00
Public Adjusters	19,440.00	54,250.00	34,810.00
Appointment Fee Penalty	57,200.00	49,250.00	(7,950.00)
Miscellaneous Revenue	1,630.00	(1,475.00)	(3,105.00)
Recovery of Prior Year Expenses	372,268.44	30,123.00	(342,145.44)
Fire Programs Fund	39,269,680.68	41,350,456.00	2,080,775.32
Fire Programs Fund Interest	34,175.23	111,675.00	77,499.77
DMV Uninsured Motorist Transfer	1,409,802.94	4,008,122.00	2,598,319.06
Flood Assessment Fund	342,986.91	336,713.00	(6,273.91)
Heat Assessment Fund	2,262,462.96	2,389,075.00	126,612.04
Fines Imposed by State Corporation Commission	1,348,862.13	834,195.00	(514,667.13)
Fraud Assessment Fund	6,599,288.60	6,924,833.00	325,544.40
Fraud Assessment Interest	7,036.40	21,450.00	14,413.60
TOTAL	$77,955,586.67	$84,347,628.00	$6,392,041.33

ASSESSMENT OF VALUE OF PUBLIC SERVICE CORPORATIONS
TAX YEARS 2018 AND 2019

Class of Company	2018	2019	Increase or (Decrease)
Electric Light & Power Corporations	$34,224,222,381	$35,937,641,798	$1,713,419,417
Gas Corporations	2,955,654,638	3,248,915,508	293,260,870
Motor Vehicle Carriers (Rolling Stock only)	46,339,573	42,258,311	(4,081,262)
Telecommunications Companies	7,663,867,839	7,535,213,338	(128,654,501)
Water Corporations	294,766,294	300,806,759	6,040,465
TOTAL	$45,184,850,725	$47,064,835,714	$1,879,984,989

STATE TAXES OF PUBLIC SERVICE COMPANIES
TAX YEARS 2018 AND 2019

Class of Company	2018	2019	Increase or (Decrease)
Electric Companies	$83,967,060	$90,075,711	$6,108,651
Gas Companies	11,761,621	13,911,932	2,150,311
Motor Vehicle Carriers	48,905	50,811	1,906
Railroad Companies	2,870,070	3,091,716	221,646
Telecommunications Companies	9,288,615	8,456,431	(832,184)
Virginia Pilots Association	44,385	46,382	1,997
Water Corporations	2,492,038	2,363,004	(129,034)
TOTAL	$110,472,694	$117,995,987	$7,523,293

Railroad Companies assessed at eighteen-hundredths of one percent and all other companies at sixteen-hundredths of one percent for Tax Year 2018 and Tax Year 2019.

ASSESSED VALUE OF PROPERTY OF PUBLIC SERVICE CORPORATIONS FOR LOCAL TAXATION BY CITIES TAX YEARS 2018 AND 2019

Cities	2018	2019	Increase or (Decrease)
Alexandria	$502,471,904	$488,291,223	$(14,180,681)
Bristol	24,408,282	16,194,423	(8,213,859)
Buena Vista	20,424,175	20,149,919	(274,256)
Charlottesville	133,239,185	135,219,817	1,980,632
Chesapeake	902,612,431	942,380,282	39,767,851
Colonial Heights	36,218,136	36,024,298	(193,838)
Covington	247,591,400	237,119,326	(10,472,074)
Danville	46,989,211	45,916,643	(1,072,568)
Emporia	19,653,794	19,640,804	(12,990)
Fairfax	113,618,930	118,837,034	5,218,104
Falls Church	26,754,744	29,708,906	2,954,162
Franklin	5,942,940	6,220,131	277,191
Fredericksburg	108,551,620	103,096,753	(5,454,867)
Galax	15,045,922	15,615,523	569,601
Hampton	349,063,089	391,575,740	42,512,651
Harrisonburg	47,957,567	48,885,871	928,304
Hopewell	354,750,921	387,632,418	32,881,497
Lexington	18,921,461	19,488,544	567,083
Lynchburg	207,104,807	210,282,498	3,177,691
Manassas	90,855,763	91,311,328	455,565
Manassas Park	27,608,109	28,597,290	989,181
Martinsville	24,170,879	25,982,962	1,812,083
Newport News	499,945,875	515,087,787	15,141,912
Norfolk	604,685,811	668,857,749	64,171,938
Norton	19,308,297	21,229,878	1,921,581
Petersburg	158,599,969	157,723,031	(876,938)
Poquoson	22,895,188	20,628,724	(2,266,464)
Portsmouth	361,298,246	372,116,447	10,818,201
Radford	18,486,726	18,091,379	(395,347)
Richmond	879,749,187	895,702,427	15,953,240
Roanoke	308,794,803	323,959,013	15,164,210
Salem	38,912,295	46,425,208	7,512,913
Staunton	91,423,797	98,610,695	7,186,898
Suffolk	375,505,882	372,998,436	(2,507,446)
Virginia Beach	1,018,212,157	1,045,441,107	27,228,950
Waynesboro	101,929,596	108,781,124	6,851,528
Williamsburg	50,022,836	50,899,240	876,404
Winchester	89,120,309	84,347,719	(4,772,590)
Total Cities	$7,962,846,244	$8,219,071,697	$256,225,453

ASSESSED VALUE OF PROPERTY OF PUBLIC SERVICE CORPORATIONS FOR LOCAL TAXATION BY COUNTIES TAX YEARS 2018 AND 2019

Counties	2018	2019	Increase or (Decrease)
Accomack	$476,707,167	$461,901,757	$(14,805,410)
Albemarle	406,393,271	427,024,893	20,631,622
Alleghany	145,628,857	157,880,604	12,251,747
Amelia	52,272,129	52,137,601	(134,528)
Amherst	95,667,655	90,023,634	(5,644,021)
Appomattox	58,606,446	61,719,301	3,112,855
Arlington	904,174,082	901,016,449	(3,157,633)
Augusta	438,777,128	436,543,679	(2,233,449)
Bath	1,411,370,402	1,385,296,427	(26,073,975)
Bedford	268,286,099	282,958,666	14,672,567
Bland	104,324,334	99,215,069	(5,109,265)
Botetourt	377,714,134	394,237,249	16,523,115

Brunswick	$978,678,735	$996,672,884	$17,994,149
Buchanan	112,510,147	116,650,506	4,140,359
Buckingham	568,263,982	563,317,090	(4,946,892)
Campbell	329,262,427	367,997,099	38,734,672
Caroline	385,843,419	392,105,104	6,261,685
Carroll	117,325,635	120,266,401	2,940,766
Charles City	155,492,683	153,564,045	(1,928,638)
Charlotte	58,868,284	59,092,917	224,633
Chesterfield	1,533,980,309	1,721,040,624	187,060,315
Clarke	61,499,463	59,277,057	(2,222,406)
Craig	23,485,893	20,678,193	(2,807,700)
Culpeper	220,477,401	241,866,932	21,389,531
Cumberland	66,900,095	62,351,744	(4,548,351)
Dickenson	65,006,193	67,347,877	2,341,684
Dinwiddie	190,237,049	211,310,081	21,073,032
Essex	45,301,553	44,243,426	(1,058,127)
Fairfax	3,794,155,273	3,940,432,072	146,276,799
Fauquier	689,139,113	681,026,080	(8,113,033)
Floyd	62,582,110	59,917,499	(2,664,611)
Fluvanna	499,693,109	520,827,950	21,134,841
Franklin	170,668,059	167,404,568	(3,263,491)
Frederick	399,652,324	422,688,353	23,036,029
Giles	74,861,562	79,969,757	5,108,195
Gloucester	149,841,016	147,537,741	(2,303,275)
Goochland	117,515,620	120,857,148	3,341,528
Grayson	51,516,064	54,863,799	3,347,735
Greene	37,088,335	39,137,689	2,049,354
Greensville	637,659,191	936,441,903	298,782,712
Halifax	1,081,629,456	1,032,495,241	(49,134,215)
Hanover	697,992,136	748,416,917	50,424,781
Henrico	1,086,906,176	1,120,037,354	33,131,178
Henry	165,812,365	173,627,710	7,815,345
Highland	22,860,108	24,062,731	1,202,623
Isle of Wight	148,452,523	154,442,091	5,989,568
James City	238,780,328	364,350,640	125,570,312
King and Queen	33,431,706	32,038,265	(1,393,441)
King George	270,681,222	255,363,384	(15,317,838)
King William	50,613,609	50,030,652	(582,957)
Lancaster	63,956,272	67,710,661	3,754,389
Lee	56,396,455	57,454,350	1,057,895
Loudoun	2,667,986,836	2,988,479,344	320,492,508
Louisa	2,296,595,127	2,261,262,510	(35,332,617)
Lunenburg	75,218,195	73,734,778	(1,483,417)
Madison	46,680,490	49,404,721	2,724,231
Mathews	27,421,573	24,587,836	(2,833,737)
Mecklenburg	312,156,369	335,391,518	23,235,149
Middlesex	54,506,634	54,234,590	(272,044)
Montgomery	211,331,402	225,609,783	14,278,381
Nelson	92,065,614	94,559,482	2,493,868
New Kent	131,146,946	139,981,592	8,834,646
Northampton	58,245,081	56,636,303	(1,608,778)
Northumberland	54,583,803	53,515,841	(1,067,962)
Nottoway	82,318,889	83,853,558	1,534,669
Orange	110,614,639	113,851,310	3,236,671
Page	78,039,779	78,238,302	198,523
Patrick	61,334,116	65,421,344	4,087,228
Pittsylvania	314,485,708	321,706,899	7,221,191
Powhatan	102,361,976	100,269,307	(2,092,669)
Prince Edward	81,551,165	93,741,968	12,190,803
Prince George	162,973,075	163,039,312	66,237
Prince William	1,718,164,173	1,797,578,265	79,414,092
Pulaski	113,999,142	112,974,519	(1,024,623)
Rappahannock	53,095,126	56,829,491	3,734,365
Richmond	77,344,241	70,649,023	(6,695,218)
Roanoke	273,950,994	298,213,998	24,263,004
Rockbridge	184,839,707	214,693,917	29,854,210
Rockingham	304,951,857	314,896,097	9,944,240
Russell	278,720,547	291,491,279	12,770,732

Scott	$77,300,007	$78,197,507	$897,500
Shenandoah	203,902,615	220,910,677	17,008,062
Smyth	116,672,917	133,296,522	16,623,605
Southampton	216,905,091	216,762,405	(142,686)
Spotsylvania	404,772,591	401,159,974	(3,612,617)
Stafford	429,519,308	420,174,668	(9,344,640)
Surry	1,889,501,831	1,931,338,788	41,836,957
Sussex	89,837,277	93,382,605	3,545,328
Tazewell	173,993,105	201,206,396	27,213,291
Warren	908,882,401	1,023,486,796	114,604,395
Washington	264,684,399	216,480,090	(48,204,309)
Westmoreland	65,943,360	71,939,952	5,996,592
Wise	1,392,168,568	1,329,835,823	(62,332,745)
Wythe	258,493,518	299,301,635	40,808,117
York	401,465,612	432,313,117	30,847,505
Total Counties	$37,175,664,908	$38,803,505,706	$1,627,840,798
Total Cities & Counties	$45,138,511,152	$47,022,577,403	$1,884,066,251

COMPARISON OF FEES COLLECTED BY THE DIVISION OF SECURITIES AND RETAIL FRANCHISING FOR THE YEARS ENDING DECEMBER 31 , 2018 AND DECEMBER 31, 2019

	2018	**2019**	**Increase or (Decrease)**
Securities Act	$13,376,536.10	$13,389,541.00	$13,004.90
Retail Franchising Act	$569,300.00	$575,700.00	$6,400.00
Trademarks-Service Marks	$25,590.00	$27,780.00	$2,190.00
Penalties	$101,765.00	$171,356.00	69,591.00
Cost of Investigations	$44,500.00	$90,900.00	$41,400.00
Total	$14,117,691.10	$14,255,277.00	$132,585.90

PROCEEDINGS AND ACTIVITIES BY DIVISIONS DURING THE YEAR 2019

DIVISION OF UTILITY ACCOUNTING AND FINANCE

The Division of Utility Accounting and Finance (Division) assists the Commission with its review and analysis of accounting and financial information in utility regulatory matters. The Division conducts audits and prepares testimony and reports in rate proceedings, as well as in applications involving performance-based reviews, rate adjustment clauses, affiliate transactions, mergers and acquisitions, financing plans, and certificates of public convenience and necessity. The Division also conducts audits of electric utility fuel costs and analyzes depreciation studies of electric, electric cooperatives, gas, and water and sewer utilities.

Below is a listing of analyses conducted and reports/testimony filed in rate proceedings, certificate cases and financial review filings analyzed by the Division during 2019.

General Rate Cases/Biennial Reviews	
Electric Companies	3
Electric Cooperatives	2
Gas Companies	3
Water Companies	2
Other	0
Total General Rate Cases/Biennial Reviews	10
Certificates of Public Convenience and Necessity	2
Rate Adjustment Clauses	
Electric Companies	30
Water and Wastewater Infrastructure Service Charge (WWISC)	
Water Companies	2
Steps to Advance Virginia's Energy (SAVE) Plans/CARE Plans	
Gas Companies	9
Annual Informational Filings/Earnings Tests	
Electric Companies	0
Gas Companies	3
Water Companies	2
Total Annual Informational Filings/Earnings Tests	5
Fuel Factor Cases - Electric Companies	3
Depreciation Studies	
Electric Companies	1
Electric Cooperatives	1
Natural Gas Companies	3
Water Companies	1
Total Depreciation Studies	6
Prudency Reviews	1
Other Reviews and Studies	10

During 2019 the Division submitted reports recommending action in applications filed pursuant to Chapter 3 (Issuances of Stocks, Bonds, etc.), Chapter 4 (Affiliates Act), and Chapter 5 (Utility Transfers Act) of Title 56 of the Code of Virginia, and CSP Licensure cases as follows:

Issuance of Stocks, Bonds, etc.	9
Affiliates Act Cases	
Service Agreements	18
Other Transactions	16
Total	34
Utility Transfers Act Cases	
Transfers of Control	6
Transfers of Assets	9
Total	15
Total Chapter 3, 4 and 5 Cases	58
CSP Licensure Cases	42

DIVISION OF PUBLIC UTILITY REGULATION

The Division of Public Utility Regulation assists the Commission in fulfilling its statutory responsibilities and duties pursuant to Title 56, Chapter 10 of the Code of Virginia. Activities include: (i) reviewing investor-owned electric, natural gas and water/sewer utilities' cost of service studies; (ii) reviewing cost allocation methodology and rate design philosophies; (iii) reviewing long term utility resource plans; (iv) overseeing implementation of competition in landline local communications services; (v) certifying competitive local exchange and interexchange carriers; (vi) maintenance of telecommunications interconnection agreements; (vii) regulation of small incumbent local exchange carriers; and, (viii) providing expert testimony in these matters.

The Division provides expert testimony in certificate cases for service/exchange 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 monitors the collection of gas costs by gas utilities, the incurrence of wholesale purchased power expenses by electric cooperatives, the recovery of fuel expenses by investor-owned electric utilities, the construction and operation of major facilities of the investor-owned utilities, and the implementation of competition in the telecommunications market. It 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 electric, natural gas, water/sewer and the telecommunications industries. The Division also participates in, as appropriate, formal complaints filed with the Commission. Finally, the Division develops annual energy related financial forecasts and provides the Commission with technical expertise pertaining to mergers, acquisitions, and regulatory policy relative to these industries.

At the end of 2019, there were subject to the regulatory oversight of the Division:

14	Incumbent Local Exchange Telephone Companies
173	Competitive Local Exchange Telephone Companies
129	Intrastate Long Distance Telephone Companies
24	Payphone Service Providers
11	Operator Service Providers
3	Investor-Owned Electric Companies
13	Electric Cooperatives
7	Natural Gas Companies
35	Water/Sewer Companies

SUMMARY OF 2019 ACTIVITIES

Consumer Complaints and Inquiries Received	2,761
Written Public Comments Relative to Commission Cases Received	1,140
Testimony and Reports Filed by Staff	97
Affiliates Applications	11
Certificates of Convenience and Necessity Granted, Transferred, or Revised	60
Meters Tests Witnessed	2
Community Meetings and Presentations	7

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 applications for various certificates of authority as shown below:

APPLICATIONS RECEIVED AND ACTED UPON BY THE BUREAU OF FINANCIAL INSTITUTIONS IN 2019

	Received	Acted Upon
New Banks	1	2
Bank Branches	19	16
Bank Branch Office Relocations	2	1
Establish a Branch (out-of-the state Bank)	15	15
Out-of-State Branch Move (Bank)	2	2
Bank Acquisitions Pursuant to § 6.2-704A	3	6
Bank Acquisitions Pursuant to § 6.2-704C	1	1
Bank Merger	2	3
Credit Union Mergers	2	2
Credit Union Service Facilities	1	1
Credit Union Office Relocations	3	2
New Private Trust Company	2	1
New Consumer Finance	6	4
Consumer Finance Offices	24	6
Consumer Finance Other Business	13	9
Acquisitions of Consumer Finance Companies	1	1
New Mortgage Lenders and/or Brokers	160	171
Acquisitions of Mortgage Lenders/Brokers	30	20
Mortgage Additional Offices	696	689
Exempt Mortgage Company Registrations	6	5
Mortgage Loan Originator Licensees	4261	4248
Transitional Mortgage Loan Originator	17	19
Bona Fide Non-Profit Designations	1	1
New Motor Vehicle Title Lender	2	1
Motor Vehicle Title Lender Additional Offices	0	1
Motor Vehicle Title Lender Office Relocations	3	4
Motor Vehicle Title Lender Other Business	2	1
New Money Order Sellers/Money Transmitters	16	13
Acquisitions of Money Order Sellers/Money Transmitters	6	3
Credit Counseling Agency Additional Offices	3	3
Credit Counseling Office Relocations	6	6
New Check Cashers	31	27
Payday Office Relocations	4	5
Industrial Loan Association Relocations	1	1

At the end of 2019, there were under the supervision of the Bureau 53 banks with 1,007 branches, 43 Virginia bank holding companies, 4 non-Virginia bank holding companies with a subsidiary Virginia bank, 2 subsidiary trust companies, 1 savings institution, 27 credit unions, 2 industrial loan associations, 16 consumer finance companies with 243 Virginia offices, 110 money transmitters, 32 credit counseling agencies, 369 check cashers, 175 mortgage lenders with 562 offices, 410 mortgage brokers with 490 offices, 273 mortgage lender/brokers with 2,085 offices, 18,378 mortgage loan originators, 5 private trust companies, 24 motor vehicle title lenders with 402 offices, and 15 payday lenders with 152 offices.

BUREAU OF INSURANCE REGULATION
ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 2019

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 responsibly.

The Bureau is divided into the following five divisions: The Financial Regulation Division licenses, analyzes, and examines insurance companies and, if necessary, takes steps to resolve financial problems before a company becomes unable to meet its obligations; the Life and Health Market Regulation Division regulates the activities of life insurers, accident and sickness insurers, health service plans, and health maintenance organizations; the Property and Casualty Market Regulation Division regulates the activities of property and casualty insurers (automobile and homeowners); the Agent Regulation Division licenses and regulates the activities of licensed insurance agents, agencies and public adjusters; and the Policy, Compliance and Administration Division monitors state and federal legislation impacting insurance regulation, prepares reports and studies for the Bureau, collects various special taxes and assessments on insurance companies, and supports the other Bureau divisions in an auxiliary role in performing their respective regulatory functions.

The regulatory functions of the Bureau include: (1) monitoring the activities of insurance agents, agencies and public adjusters to ensure their actions comply with state law; (2) answering questions and assisting consumers with problems concerning insurance companies or agents by investigating consumer complaints; (3) conducting on-site field examinations of insurance company practices in Virginia to ensure compliance with state law and to verify whether claims are paid on a timely basis, underwriting decisions are not unfairly discriminatory, and that marketing materials are not misleading; (4) promoting and protecting the interests of covered persons under managed care health insurance plans (MCHIP) and assisting consumers in understanding and exercising their rights of appeal of adverse decisions made by MCHIPs; and (5) evaluating 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 2019 ACTIVITIES

New insurance companies licensed to do business in Virginia	31
Insurance company financial statements analyzed	1,093
Financial examinations of insurance companies conducted	22
Property and Casualty insurance rules, rates and form submissions	3,658
Life and Health insurance policy forms and rates submissions	2,583
Property and Casualty insurance complaints received	2,277
Life and Health insurance complaints received	1,969
Market conduct examinations completed by the Life and Health Division	2
Market Regulation Continuum Actions completed by the Life and Health Division	16
Market conduct examinations completed by the Property and Casualty Division	8
Market Regulation Continuum Actions completed by the Property and Casualty Division	31
Insurance agents and agencies licensed	262,399
Assessment audits	1,626
Ombudsman Office inquiries received	463
Individuals assisted by Ombudsman Office in appealing MCHIP denials	116

EXTERNAL APPEAL FISCAL YEAR 2019

Number of External Review (ER) Requests Reviewed	629
Eligible (ER) Requests	157
Ineligible ER Requests	472
Final Adverse Decision Upheld by Reviewer	91
Final Adverse Decision Overturned by Reviewer	63
Final Adverse Decision Modified or Partially Overturned	2
Health Carrier Reversed Itself	1
Terminated or Withdrawn	0

NOTICE OF INSURANCE-RELATED ENTITIES IN RECEIVERSHIP

Pursuant to Virginia Code § 38.2-1517, please TAKE NOTICE that the following insurance-related entities are in receivership under authority of various provisions of Title 38.2 of the Code of Virginia:

HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation and Home Warranty Corporation (the HOW Companies). Date of receivership: October 7, 1994. The company will not resume the transaction of the business of insurance. For more information/updates you can e-mail www.howcorp.com.

The Commission is the Receiver, and Commissioner of Insurance Scott A. White is the Deputy receiver, of HOW. Any inquiries concerning the conduct of the receivership of HOW 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, Scott A. White, is the Deputy Receiver of ROA and TRG. Any inquiries concerning the conduct of the receivership of ROA and TRG may be directed to Donald C. Beatty, at the Bureau of Insurance or by e-mail at www.reciprocalgroup.com.

Southern Title Insurance Corporation (STIC). Date of receivership: December 20, 2011. The State Corporation Commission was named receiver for STIC by the Circuit Court of the City of Richmond. An Order of Liquidation with a Finding of Insolvency was entered on July 28, 2014.

The Commission is the Receiver, and the Commissioner of Insurance, Scott A. White, is the Deputy Receiver of STIC. Any inquiries concerning the conduct of the receivership of STIC may be directed to Donald C. Beatty, at the Bureau of Insurance.

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 Sections 13.1-501 through 13.1-527.3.
Virginia Trademark and Service Mark Act, Virginia Code Sections 59.1-92.1 through 59.1-92.21.
Virginia Retail Franchising Act, Virginia Code Sections 13.1-557 through 13.1-574.

Summary of 2019 Activities

UNDER THE VIRGINIA SECURITIES ACT:

492	investment company notice filings originals and renewals denied, withdrawn, or terminated
6	securities registrations denied, withdrawn, or terminated
13	securities registrations approved
2,789	investment company notice filings originals and renewals accepted
101	exemptions from registration approved and accepted
3	exemptions from registration denied, withdrawn, or terminated
3,420	exemption notice filings for federal-covered securities accepted
1,994	broker-dealer registrations and renewals approved
129	broker-dealer registrations and renewals denied, withdrawn, or terminated
2	broker-dealer audits completed
238,651	broker-dealer agent registrations and renewals approved
35,585	broker-dealer agent registrations and renewals denied, withdrawn, or terminated
14	investment advisor eras approved
137	investment advisor other amendments approved
22	investment advisor other amendments denied, withdrawn, or terminated
3,797	investment advisor registrations, renewals, and amendments approved
315	investment advisor registrations, renewals, and amendments denied, withdrawn, or terminated
100	investment advisor audits completed
1057	audit violation deficiencies resolved
17,426	investment advisor representative registrations and renewals approved
2,812	investment advisor representative registrations and renewals denied, withdrawn, or terminated
71	agent of issuer registrations and renewals approved
14	agent of issuer registrations and renewals denied, withdrawn, or terminated
97	investigations completed

UNDER THE VIRGINIA TRADEMARK AND SERVICE MARK ACT:

804	trademarks and/or service marks approved, renewed, or assigned
422	trademarks and/or service marks denied, abandoned, expired, or withdrawn

UNDER THE VIRGINIA RETAIL FRANCHISING ACT:

1,961	franchise registrations, renewals, or post-effective amendments approved
448	franchise registrations, renewals, or post-effective amendments denied, withdrawn, non-renewed, or terminated
25	investigations completed

ORDERS, JUDGMENTS AND SETTLEMENTS:

7	orders granting exemptions and/or official interpretations
0	orders filing and/or canceling surety bonds
42	orders for subpoena of records by banks, corporations, and individuals
1	orders of show cause
34	judgments of compromise and settlement
24	final orders and/or judgments
0	temporary injunctions
10	special supervision

TELEPHONE CALLS, E-MAILS AND COMPLAINTS:

20	investigation general inquiry calls/e-mails
670	calls/e-mails regarding pending investigations
186	enforcement general inquiry calls/e-mails
1,275	calls/e-mails regarding pending enforcements
675	calls/e-mails regarding pending registrations
16,915	registration general inquiry calls/e-mails
961	calls/e-mails regarding pending audits
34	audit general inquiry calls/e-mails
7,111	examination general inquiry calls/e-mails
175	calls/e-mails regarding pending examinations
132	complaints resulting in investigations
23	complaints referred
20	complaints with no authority to investigate
5	complaints with no violation of Securities or Franchise Acts

UNIFORM COMMERCIAL CODE

The Clerk's Office is the central filing office in the Commonwealth for financing statements, amendments, assignments and terminations filed under the Uniform Commercial Code – Secured Transactions. The Clerk's Office is the filing office in the Commonwealth for notices and certificates applicable to the personal property of corporations and partnerships filed under the Uniform Federal Lien Registration Act.

SUMMARY OF CALENDAR YEAR ACTIVITIES

	12/31/18	12/31/19
Financing/Subsequent Statements Filed	84,106	84,955
Federal Tax Liens/Subsequent Liens Filed	3,698	2,696
Reels of Microfilmed Documents Sold	359	375

DIVISION OF UTILITY AND RAILROAD SAFETY

The Division of Utility and Railroad Safety ("Division") 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 various types of inspections. These inspections include; comprehensive reviews of required programs, procedures, and plans, the inspection of pipeline facilities, review of operator records, and the performance of risked-based field inspections of pipeline activities including construction and repairs. The Division also responds to and investigates reported pipeline Incidents[1] and Accidents[2] as reported to the Division's 24-hour, 365 day staffed on-call emergency number. The Division also investigates certain other pipeline emergencies that may be of significant impact to the Commonwealth but have not yet risen to reporting criteria at the time of discovery.

In 2019, the Division's pipeline safety activities encompassed the inspection of intrastate gas distribution and transmission pipelines, intrastate hazardous liquid pipelines, and certain interstate gas and liquid pipelines.

The Virginia natural gas distribution systems are comprised of seven private natural distributions gas companies and three municipal owned distributions systems who collectively operate a total of 21,598 miles of main piping and 19,136 miles of service pipeline. These 40,735 miles of distribution pipeline provide service to 1,281,327 Virginia customers based on 2018 federal reporting data (at the time of this report 2019 data is not yet submitted).

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[1] Incident as defined by §191.3.

[2] Accident as defined by §195.50.

Pipeline safety activities also include inspections of intrastate transmission lines. These pipelines are operated by the seven private distribution companies, one intrastate gas transmission line operator, and three landfill transmission line operators. These transmission pipeline companies operate over 500 miles of intrastate transmission pipelines in the Commonwealth. Additionally, there are five gathering line companies who operate 34 miles of gathering line piping, one liquefied natural gas plant, 39 master-metered distribution systems, and 10 propane companies who operate jurisdictional distribution systems (two of which also operate private natural gas distribution systems).

The Division acts as an interstate agent for the US Department of Transportation, Pipeline and Hazardous Materials Safety Administration ("PHMSA") and inspects three interstate hazardous liquid pipeline companies along with the inspection of Virginia's two intrastate hazardous liquid companies. These five hazardous liquid pipeline companies operate 1,145 miles of hazardous liquid pipelines in Virginia.

Since 2017, the Division has entered into a temporary agreement with PHMSA to inspect construction of the Mountain Valley Pipeline and Atlantic Coast Pipeline interstate gas transmission pipelines in response to § 56-555.2 of the Code of Virginia.

Summary of Calendar Year 2019 Activities

Gas safety inspection days conducted	1,345
Interstate gas safety inspection days conducted	60
Hazardous liquid safety inspection days conducted	81
Number of probable violations found during 2019	16
Number of probable violations submitted to PHMSA	9
Number of compliance actions taken	28
Pipeline Incidents[3] or Accidents[4] investigated	7
Number of citizen complaints investigated	20

The Rail Safety Section of the Division in coordination with the Federal Railroad Administration, helps ensure the safe operation of jurisdictional railroads by conducting inspections of tracks, signals, highway rail grade crossings, railroad operations, shipment of hazardous materials by rail, motive power and equipment and investigations of certain accidents and citizen complaints. The Division's inspections involve more than 3,800 miles of track, over 4,000 highway and private grade crossings, thousands of rolling stock, which also include tank cars, and intermodal containers and 69 yard facilities.

Summary of 2019 Activities

Number of Hazmat Units[5] Inspected	5,786
Number of Track Units[6] Inspected	12,775
Number of Locomotive and Car Units[7] Inspected	46,925
Number of Operating Practice Units[8] Inspected	1,386
Number of Signal/Grade Crossing[9] Units Inspected	610
Number of Defects Noted	6,443
Number of Violations Cited	43
Number of Accidents/NRC Incidents Investigated	39
Number of Complaints Investigated	23

The Damage Prevention Section of the Division investigates all reports of "probable violations" of the Underground Utility Damage Prevention Act ("Act") and on a monthly basis presents its findings and recommendations to an Advisory Committee appointed by the Commission in accordance with the Act. This Committee then makes enforcement recommendations to the Commission. The Division provides free training relative to the Act and safe digging practices to excavators, utilities and others, disseminates damage prevention educational material and promotes partnership among the stakeholders to further underground utility damage prevention in Virginia.

Summary of 2019 Activities

Underground Utility Damage Reports Investigated	1,115
Number of Individuals Having Received Damage Prevention Training	784
Number of Damage Prevention Educational Material Disseminated	61,742
Number of Damage Prevention Field Audits Conducted	629

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[3] Incident as defined by §191.3.
[4] Accident as defined by §195.50.
[5] Each hazmat record review along with each visual inspection of a tank car, bulk/non-bulk package and/or freight container is considered a hazmat unit.
[6] Each mile of track, record, crossing at grade, among other things, is considered a track unit.
[7] Each locomotive, car, motive power equipment record, among other things, is considered a unit.
[8] 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.
[9] Each signal/switch/grade crossing record review along with each visual inspection of a signal/grade crossing component is considered a signal/grade crossing unit.

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INDEX OF LEADING MATTERS DISPOSED OF BY FORMAL ORDERS

-2-

24/7 Mid-Atlantic Network of Virginia, LLC
For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services 369

-3-

360 Tour Designs & Marketing, LLC
Settlement Order 566

-A-

A&N Electric Cooperative
For authority pursuant to Chapter 3 of Title 56 of the Code of Virginia 512

ACAC, Inc. d/b/a Approved Cash
For authority to relocate an office 16, 18

Acadia Insurance Company, Continental Western Insurance Company, Firemen's Insurance Company of Washington, D.C., Union Insurance Company
Settlement Order 122

Access Point of Virginia, Inc.
For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services 490

Accident and Sickness Insurance, In the matter of Amending Rules Governing the Filing of Rates for
Order to Take Notice 97

Accounting One Financial, Inc., *et al.*
Order Revoking License 115

ACE Cash Express
For authority to relocate an office 20

Adams, Rebecca Burroughs
Order Revoking License 62

AEW Ins Agency LLC
Order Revoking License 115

AGL Services Company
For approval of a revised services agreement under Chapter 4 of Title 56 of the Code of Virginia 359
For authority to issue short-term debt, long-term debt and common stock to an affiliate under Chapters 3 and 4, Title 56 of the Code of Virginia 522

Allstate Assurance Company
Approval of a Multi-State Regulatory Settlement Agreement between Allstate Life Insurance Company, Allstate Assurance Company, and American Heritage Life Insurance Company, and the California Department of Insurance, In the matter of 110

Allstate Life Insurance Company, Allstate Assurance Company, and American Heritage Life Insurance
Approval of a Multi-State Regulatory Settlement Agreement between Allstate Life Insurance Company, Allstate Assurance Company, and American Heritage Life Insurance Company, and the California Department of Insurance, In the matter of 110

Alternative Utility Services, Inc.
For license to conduct business as an aggregator of electricity and natural gas 348

American Benefit Life Insurance Company
For approval of an assumptive reinsurance agreement pursuant to § 38.2-136 C of the Code of Virginia 74

American Commercial Funding, LLC
Order Revoking a License 31

American Electric Power-Virginia, Appalachian Power Company d/b/a
In the matter concerning the implementation of reductions in rates for generation and distribution services pursuant to Enactment Clause Nos. 6 and 7 of Senate Bill 966 187

American Fire and Casualty Company and Ohio Security Insurance Company
Settlement Order 135

American Heritage Life Insurance Company
Approval of a Multi-State Regulatory Settlement Agreement between Allstate Life Insurance Company, Allstate Assurance Company, and American Heritage Life Insurance Company, and the California Department of Insurance, In the matter of 110

American Housing Capital LLC d/b/a CRM Lending
Order Revoking a License 31

American Insurance Solutions LLC
Order Revoking License....115

American Mercury Insurance Company and Mercury Casualty Company
Settlement Order 99

American National Bankshares Inc.
To acquire control of HomeTown Bankshares Corporation 16

American Service Insurance Company, Inc.
Order Suspending License....115

AmeriGas Propane, Inc.
Order of Settlement 601

AMLIFE Insurance Services Inc
Order Revoking License....115

Ana Edwards Insurance Group LLC
Order Revoking License....115

Andrews, Jamill d/b/a Mills Concrete
Final Order 596

ANGD, LLC
For approval to Refinance Long-Term Debt under Chapters 3 and 4 of Title 56 of the Code of Virginia 154

Anthem Health Plans of Virginia, Inc.
Settlement Order 129

Anthem Health Plans of Virginia, Inc. and Healthkeepers, Inc.
For Amendment of the Final Orders in Case Nos. INS-2002-00131 and INS-2007-00141 to grant complete and final relief from all remaining geographic restrictions prohibiting Anthem from providing services and functions from locations outside Virginia....123

Anthem Health Plans of Virginia, Inc., Anthem Insurance Companies, Inc.
Settlement Order 53

Anthem Insurance Companies, Inc.
Settlement Order 53

AP VIII Olympus VoteCo, LLC
For approval of the transfer of indirect control of West Telecom Services, LLC, and West Safety Communications of Virginia Inc., pursuant to Va. Code § 56 88 *et seq.* 367

Apex Healthcare Advisors, Inc
Order Revoking License....115

Apex Mortgage LLC
Settlement Order 29

Appalachian Natural Gas Distribution Company
For a general increase in rates 180
For approval of a SAVE Plan and Rider as provided by Chapter 26 of Title 56 of the Code of Virginia 361
For expedited approval of an amendment to a special rate contract pursuant to Virginia Code § 56-235.2....513

Appalachian Natural Gas Distribution Company and Cardinal Natural Gas Company
For authority to enter into affiliate agreements to provide and receive corporate and operational services under Chapter 4, Title 56 of the Code of Virginia....422

Appalachian Natural Gas Distribution Company, ANGD, LLC, Utility Pipeline Holding Company, LLC and Utility Pipeline, Ltd.
For approval to Refinance Long-Term Debt under Chapters 3 and 4 of Title 56 of the Code of Virginia 154

Appalachian Power Company
Final Order....261
For approval and certification of electric facilities
Glendale area improvements 138 kV Transmission Project pursuant to Title 56 of the Code of Virginia....316
For approval of a 100% renewable energy rider pursuant to § 56-577 A 5 of the Code of Virginia....174
For approval of a rate adjustment clause, RPS-RAC, to recover the incremental costs of participation in the Virginia renewable energy portfolio standard program pursuant to Va. Code §§ 56-585.1 A 5 d and 56-585.2 E....184
For approval of the FRR Open Access Distribution Service Tariff....466
For approval of the transfer of distribution facilities pursuant to the Utility Transfers Act, pursuant to Va. Code § 56-88 *et seq*....396
For approval to implement a voluntary rate schedule for owners of personal electric vehicles....426
For authority under Chapter 3 of Title 56 of the Code of Virginia....518
For revision of a rate adjustment clause pursuant to § 56-585.1 A 6 of the Code of Virginia with respect to the Dresden Generating Plant....182
For revision of rate adjustment clause, the EE-RAC, pursuant to § 56-585.1 A 5 c of the Code of Virginia....249
For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses....185
To revise its fuel factor....273

Appalachian Power Company and Kentucky Power Company
For approval of transactions pursuant to Chapter 4 of Title 56 of the Code of Virginia....424

Appalachian Power Company and Ohio Power Company
For approval of affiliate agreement....438

Appalachian Power Company and Southwestern Electric Power Company
For approval of an affiliate transaction under Chapter 4 of the Title of the Code of Virginia....425

Appalachian Power Company d/b/a American Electric Power-Virginia
In the matter concerning the implementation of reductions in rates for generation and distribution services pursuant to Enactment Clause Nos. 6 and 7 of Senate Bill 966....187

Appalachian Power Company, *et al*.
For approvals pursuant to Chapter 4 of Title 56 of the Code of Virginia....342

Applachian Natural Gas Distribution Company and Cardinal Natural Gas Company
For authority to enter into affiliate agreements to provide and receive corporate and operational services under Chapter 4,Title 56 of the Code of Virginia....421

Applachian Power Company, *et al*.
For approval pursuant to Chapter 4 of Title 56 of the Code of Virginia....372

Approved Cash
For authority to relocate an office....18
Order Approving Relocation of an Office....16

Aqua Virginia, Inc., City of Chesapeake, Virginia, and
For approval of a transfer of utility assets....309

Arch Insurance Company
Settlement Order....136

ARM International Corp
Order Revoking License....115

Assessment upon certain companies and surplus lines brokers to pay the expense of the Bureau of Insurance for the calendar year 2020, In the matter of the
Assessment Order....132

Atlantic Coast Pipeline, LLC
For approval of a Water Withdrawal Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia....459

Atlantic International Inc, Bole Inc. (Used in Virginia by)
Order Revoking a License....28

Atlas Plumbing, LLC
Order of Settlement....616

Atmos Energy Corporation
For a general increase in rates 178
For approval of a SAVE Plan and Rider as provided by Chapter 26 of Title 56 of the Code of Virginia 411
For Authority to Incur Short-Term Indebtedness Pursuant to Title 56, Chapter 3 of the Code of Virginia....................522
Order of Settlement 618

Atmos Energy Corporation and Atmos Energy Holdings, Inc, Atmos Energy Louisiana Industrial Gas, LLC Trans Louisiana Gas Pipeline, Inc.
For approval to enter into financing arrangements under Chapter 4 of Title 56 of the Code of Virginia 375

Atmos Energy Corporation, Atmos Energy Holdings, Inc., Atmos Energy Louisiana Industrial Gas, LLC and Trans Louisiana Gas Pipeline, Inc.
For approval to enter into financing arrangements under Chapter 4 of Title 56 of the Code of Virginia 521

Atmos Energy Holdings, Inc.
For approval to enter into financing arrangements under Chapter 4 of Title 56 of the Code of Virginia 375, 521

Atmos Energy Louisiana Industrial Gas, LLC
For approval to enter into financing arrangements under Chapter 4 of Title 56 of the Code of Virginia 375, 521

Auto Equity Loans
For authority to establish an additional office 16

Auto Equity Loans of DE, LLC d/b/a Auto Equity Loans
For authority to establish an additional office 16

Auto-Owners Insurance Company and Owners Insurance Company
Settlement Order 131, 137

AutoPayPlus
Settlement Order 32

-B-

Baker, Michael R.
Order Revoking License....................107

Bankers Life Insurance Company
Order Suspending License....................111

Barbee, Safinea
Order Revoking License....................88

Barc Electric Cooperative
For authority to issue debt 356

BCLC Global Inc
Order Revoking License....................115

BCM One Group Holdings, Inc.
For approval of the proposed transfer of control of BCM One, Inc., to BCM One Group Holdings, Inc., pursuant to Va. Code § 56-88 *et seq*. 357

BCM One, Inc., and BCM One Group Holdings, Inc.
For approval of the proposed transfer of control of BCM One, Inc., to BCM One Group Holdings, Inc., pursuant to Va. Code § 56-88 *et seq*. 357

Beacon Credit Union, Incorporated
To merge with N.C.S.E. Credit Union, Inc.....................19

BeamSmart IOE, Inc., f/k/a BeamSmart, Inc., and Mehrdad Negahban
Settlement Order 528

BeamSmart, Inc.,
Settlement Order 528

Bedford Regional Water Authority and CaGNaC, Inc.
For approval of a transfer of a public utility 252

Bedford Regional Water Authority and Mariners Landing Water & Sewer Company, Inc.
For approval of a transfer of a public utility 450

Belzala, Joseph
Final Order 40

BidURenergy, Inc.
For a license to conduct business as an aggregator of electricity and natural gas ... 290

Biery, LLC d/b/a Madsen Donuts
Settlement Order ... 551

Bill Levinson & Assoc Inc
Order Revoking License ... 115

Birch Communications of Virginia, Inc.
For amended and reissued certificates of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change ... 341

Bittinger, Chandler, individually and t/a Total Lawn Care
Final Order ... 587

Blue Ridge Bankshares, Inc.
To acquire control of Virginia Community Bankshares, Inc. ... 20

Bole Inc. (Used in Virginia by Atlantic International Inc)
Order Revoking a License ... 28

Bollinger Energy Corporation
For a license to conduct business as an aggregator of natural gas ... 343

Breeze Solutions LLC
Final Order ... 582

Brewer Cycles Inc, *et al*.
Order Revoking License ... 64

Brooks Quality Plumbing LLC
Final Order ... 583

Brooks, Denetrica (Denetica) individually and d/b/a Brooks Quality Plumbing LLC
Final Order ... 583

Buckles Group LLC
Order Revoking License ... 64

Burke, Randy W.
Settlement Order ... 561

Butler, Kim
Settlement Order ... 549

Buysafe, Inc
Order Revoking License ... 64

-C-

C&F Financial Corporation
To acquire control of Peoples Bankshares, Incorporated ... 22

C&T Building Services LLC
Final Order ... 581

C.E.H. Concrete & Son, Inc.
Final Order ... 606

C4GT, LLC
For certification of an electric generating facility in Charles City County pursuant to § 56 580 D of the Code of Virginia ... 153

CaGNaC, Inc.
For approval of a transfer of a public utility ... 252

California Casualty Indemnity Exchange
Settlement Order ... 120

Calixte, Erick Fanfan
Order Revoking License 63

Calvary Chapel Newport News
For registration of securities pursuant to § 13.1-510 of the Code of Virginia 547

Canada Life Insurance Company of America
Approval of a Multi-State Regulatory Settlement Agreement between Great-West Life & Annuity Insurance Company, Great-West Life & Annuity Insurance Company of New York, First Great-West Life & Annuity Insurance Company, In the matter of 109

Capital Impact Partners
For registration of securities pursuant to § 13.1-510 of the Code of Virginia 553

Cardinal Natural Gas Company
For authority to enter into affiliate agreements to provide and receive corporate and operational services under Chapter 4, Title 56 of the Code of Virginia 422
For authority to enter into affiliate agreements to provide and receive corporate and operational services under Chapter 4, Title 56 of the Code of Virginia 421

Carlson, Jeremy Edward
Order Revoking License 58

Carter, Jo Uana
Order Revoking License 88

Cash to Payday
For authority to relocate an office 19

Catawba Insurance Company
Consent Order 77

Cavallaro, Lu
Final Order 40

Cbeyond Communications, LLC
For cancellation and issuance of a certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change 458

Central Virginia Electric Cooperative
For general rate relief 253

Central Virginia Electric Cooperative and Central Virginia Services, Inc.
For approval purusant to Chapter 3 and 4 of the Virginia Code 366

Central Virginia Services, Inc.
For approval purusant to Chapter 3 and 4 of the Virginia Code 366

Champions Mortgage Inc.
Settlement Order 26

Cheatham, Daryl Allen and Lionsgate Investments, Incorporated
Judgment Order 564

Chung, Christopher
Order Revoking License 134

Church of God By Faith Financial Solutions, Inc.
For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia 546

Cistermino, Carol
Final Order 40

Citizens and Farmers Bank
For a certificate of authority to conduct a banking business following a merger with Peoples Community Bank and for authority to operate the offices of the merging banks 22

City of Chesapeake, Virginia, and Aqua Virginia, Inc.
For approval of a transfer of utility assets 309

CJ Bail Bonds LLC
Order Revoking License ... 115

Clear Sky Financial, LLC
Settlement Order ... 569

Coast 2 Coast Insurance Agency Inc
Order Revoking License ... 115

Coastal Land Title Insurance Agency, LTD
Order Revoking License ... 64

Coats Surety Insurance Services Inc., *et al.*
Order Revoking License ... 106

Coleman and Novak, Inc.
Final Order ... 593

Collegiate Clean Energy, LLC
Final Order ... 261

Colorado Bankers Life Insurance Company
Order Suspending License ... 113

Colque Construction LLC
Final Order ... 591

Columbia Gas of Virginia, Inc.
For approval of Service Agreement between Columbia Gas of Virginia, Inc., and NiSource Corporate Services Company ... 510
For approval to amend a SAVE Plan pursuant to Virginia Code § 56-604 and For approval to implement a 2020 SAVE Plan Infrastructure Reliability and Replacement Adjustment in accordance with Section 20 of its General Terms and Conditions ... 492
For authority to increase rates and to revise the terms and conditions applicable to gas service ... 255
Order of Settlement ... 602

Columbia Gas of Virginia, Inc.
For authority to enter into a finance lease under Chapter 3 of Title 56 of the Code of Virginia ... 500

Columbia Union Revolving Fund
For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia ... 552

Commonwealth of Virginia State Corporation Commission
Order ... 540

Commonwealth Settlement Services LTD
Order Revoking License ... 115

Constellation Energy Gas Choice, Inc.
For a license to conduct business as a competitive service provider for natural gas ... 147, 148

Constitution Title & Escrow, LLC
Order Revoking License ... 115

Continental Western Insurance Company
Settlement Order ... 122

Corbman, Andrew Scott
Settlement Order ... 78

Cornerstone Capital Management, Ltd., and Gregory Scott McCauley, Sr.
Judgment Order ... 529

Corretone, Debbie
Final Order ... 40

Corretone, John
Final Order ... 40

Costco Wholesale Corporation
For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56 577 A 4 of the Code of Virginia 225

Costello, Vickie Abbitt
Settlement Order 548

Counts Insurance Agency Inc.
Order Revoking License....115

Coventry Health and Life Insurance Company
Settlement Order 81

Coventry Health Care of Virginia, Inc.
Settlement Order 87

Cox Virginia Telcom, L.L.C.
For relinquishing its designation as an eligible telecommunications provider pursuant to 47 U.S.C. § 214 (e)....433
Telecommunications Act of 1996, Implementation of Requirements of § 214 (e) of the 145

CPLAS Inc
Order Revoking License....115

Craig-Botetourt Electric Cooperative
For authority to incur debt....434

Credo 1 Solutions LLC
Order Revoking License....115

CRM Lending
Order Revoking a License 31

Croce, Jennie
Final Order 40

Crown Castle NG Atlantic LLC
For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services....369

Crown Life Insurance Company (U.S. Branch)
Approval of a Multi-State Regulatory Settlement Agreement between Great-West Life & Annuity Insurance Company, Great-West Life & Annuity Insurance Company of New York, First Great-West Life & Annuity Insurance Company, In the matter of 109

CSAA Affinity Insurance Company, CSAA General Insurance Company, and CSAA Mid-Atlantic Insurance Company
Settlement Order 105

CSAA General Insurance Company
Settlement Order 105

CSAA Mid-Atlantic Insurance Company
Settlement Order 105

CSD Energy Advisors, LLC
For a license to do business as an electricity and natural gas aggregator 463

Cunningham, Christopher Matthew
Order 540

-D-

D & T Financial Group
Order Revoking License....115

D'Alessandro, Ariel
Final Order 56

Dandeneau, Robert
Final Order 40

Database inquiry fee
Order Modifying Database Inquiry Fee....27

Dave Bourne Bail Bonds, Inc.
Final Order ... 530

Deangelo Co
Order Revoking License ... 115

Decker, Austin Lee
Order of Settlement ... 51

Declaration Networks Group, Inc.
Seeking State Corporation Commission investigation of, and sanctions against, Eastern Shore of Virginia Broadband Authority ... 344

Delmar Bancorp
To acquire control of Virginia Partners Bank ... 17

Dental Fix Rx, LLC and David Lopez
Settlement Order ... 543

Dietrich, Frank
Settlement Order ... 561

DigitalBGA LLC
Order Revoking License ... 115

Direct General Insurance Company
Settlement Order ... 100

Dominion Energy Fuel Services, Inc.
For approval of revised fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia ... 502

Dominion Energy Services, Inc.
For an exemption from approval of, or alternatively for approval of, retail service arrangements under Chapter 4 of Title 56 of the Code of Virginia ... 391

Dominion Energy South Carolina, Inc.
For approval of a Revised Services Agreement under Chapter 4 of Title 56 of the Code of Virginia ... 451, 452
For exemption from approval of, or alternatively, for approval of participation in RESTORE under Chapter 4 of Title 56 of the Code of Virginia ... 514

Dominion Energy Virginia
For an exemption from approval of, or alternatively for approval of, retail service arrangements under Chapter 4 of Title 56 of the Code of Virginia ... 391
For approval and certification of electric facilities
Fudge-Hollow-Low Moor Line #112 and East Mill-Low Moor Line #161 138 kV Transmission Line Partial Rebuild ... 264
For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia ... 429
For approval of a Revised Services Agreement under Chapter 4 of Title 56 of the Code of Virginia ... 452
For approval of a Services Agreement under Chapter 4 of Title 56 of the Code of Virginia ... 377
For approval to establish voluntary rate, designated Rider CRC, pursuant to § 56-234 B of the Code of Virginia ... 257
For approval to implement demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56 585.1 A 5 of the Code of Virginia ... 285
For authority to establish a credit facility under Chapters 3 and 4, Title 56 of the Code of Virginia, as amended ... 355
For authority to issue $8.0 billion in debt and preferred securities, establish trust financing facilities, enter into anticipatory hedging transactions and enter into an inter-company financing arrangement with Dominion Energy, Inc. ... 444
For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq*. ... 314
For revision of rate adjustment clause
Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations for the Rate Year Commencing April 1, 2019 ... 209
Rider BW, Brunswick County Power Station, for the Rate Year Commencing September 1, 2019 ... 281
Rider GV, Greensville County Power Station ... 213
Rider R, Bear Garden Generating Station ... 216
Rider S, Virginia City Hybrid Energy Center ... 219
Rider US-2, Scott, Whitehouse, and Woodland Solar Power Stations, for the Rate Year Commencing September 1, 2019 ... 283
Rider W, Warren County Power Station ... 222
In the matter concerning the implementation by Virginia Electric and Power Company d/b/a Dominion Energy Virginia of customer bill credits pursuant to Enactment Clause Nos. 4 and 5 of Senate Bill 966 ... 187

Dominion Energy Virginia, Virginia Electric and Power Company d/b/a
In the matter concerning the implementation of reductions in rates for generation and distribution services pursuant to Enactment Clause Nos. 6 and 7 of Senate Bill 966 ... 189

Dominion Energy, Inc.
For an exemption from approval of, or alternatively for approval of, retail service arrangements under Chapter 4 of Title 56 of the Code of Virginia....391

Downunder Horsemanship Franchising, LLC d/b/a Downunder Horsemanship
Settlement Order 545

Downunder Horsemanship, Downunder Horsemanship Franchising, LLC d/b/a
Settlement Order 545

Drake, Dennis
Settlement Order 550

Drift Marketplace, Inc.
For a license to do business as a competitive service provider of electric supply service pursuant to § 56-587 of the Code of Virginia....488

DRNK Coffee & Tea Franchising LLC
Settlement Order 572

DSCI Corporation of Virginia, Inc.
For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services 379

Dunn, Christal
Order 27

-E-

E Mortgage Management LLC
Settlement Order 34

Early Bird Power, LLC
For a license to do business as an electricity and natural gas aggregator....469

East Coast Transport, Inc., Tenaska, Inc., Tenaska Virginia Partners, L.P., and Tenaska Operations, Inc.
For approvals pursuant to Chapter 4 of Title 56 of the Code of Virginia....420

Eastern Concrete Restoration, LLC
Final Order....592

Eco-Energy Natural Gas, LLC
For a license to conduct business as a competitive service provider of natural gas 358

Elder, Ruth Lynn
Order Revoking License....91

Electric Advisors, Inc.
For a license to conduct business as an aggregator of natural gas and electricity 271

Electric Insurance Company
Settlement Order 121, 124

Elephant Insurance Company
Settlement Order 70

Elliott Johnson & Johnson LLC
Order Revoking License....115

Empower Broadband, Inc.
For approval of a management services agreement and lease agreement under Chapter 4 of Title 56 of the Code of Virginia 304

Endeavor Asset Protection LLC
Order Revoking License....115

Enel X North America, Inc.
For a license to conduct business as an aggregator of natural gas and electricity 152

EnerNOC, Inc.
For a license to conduct business as an aggregator of natural gas and electricity 152

Engage Insurance LLC
Order Revoking License 115

Engle-Hambright & Davies Inc
Order Revoking License 115

Entrust Financial Credit Union
To merge with Entrust Financial Credit Union 18

Epps, Adrian Quasheena
Order Granting Reconsideration 94

Epps,Adrian Quasheena
Order Revoking Lisense........ 93

Equity Concepts, L.L.C.
Settlement Order 103

Erie Insurance Company and Erie Insurance Exchange
Settlement Order 131

Erie Insurance Exchange
Settlement Order 131

eServices Energy, LLC
For a license to conduct business as a competitive service provider for natural gas........ 145

eServices, LLC, d/b/a eServices Energy, LLC
For a license to conduct business as a competitive service provider for natural gas........ 145

Eubank, Daphne Lynn
Settlement Order 85

Eurich, Jay Todd
Order Revoking License 114

Evelyn M Guzman Agency LLC
Order Revoking License 115

ExteNet Asset Entity, LLC
For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia........ 308

ExteNet Asset Entity, LLC and ExteNet Systems (Virginia) LLC
For approval for ExteNet Asset Entity, LLC, to acquire the customers and certain assets of ExteNet Systems (Virginia) LLC, pursuant to Va. Code § 56 88 *et seq*. 311

ExteNet Systems (Virginia) LLC
For approval for ExteNet Asset Entity, LLC, to acquire the customers and certain assets of ExteNet Systems (Virginia) LLC, pursuant to Va. Code § 56 88 *et seq*. 311

-F-

Family Choice & Virginia Beach LLC
Order Revoking License 106

Farley Insurance Group LLC
Order Revoking License 115

Fauquier Habitat for Humanity, Inc.
To be designated as a bona fide nonprofit organization 17

FCCI Insurance Company and National Trust Insurance Company
Settlement Order 138, 139

Felder, Fred
Order Revoking License 59

Financial Industry Regulatory Authority
Order 540

Firemen's Insurance Company of Washington, D.C.
Settlement Order 122

First Community Bank
For a certificate of authority to conduct a banking and trust business following a merger with Highlands Union Bank and for authority to operate the offices of the merging banks 21

First Community Bankshares, Inc.
To acquire control of Highlands Bankshares, Inc. 21

First Great-West Life & Annuity Insurance Company
Approval of a Multi-State Regulatory Settlement Agreement between Great-West Life & Annuity Insurance Company, Great-West Life & Annuity Insurance Company of New York, First Great-West Life & Annuity Insurance Company, In the matter of 109

Forest Financial Insurance and Financial Services
Order Revoking License....115

Forms Filing for Life and Accident and Sickness Policies, In the matter of Repealing and Adopting New Rules Governing
Order Repealing and Adopting Rules 96
Order to Take Notice....95

Forus Enterprises Inc
Order Revoking License....115

Foster Insurance Agency Inc
Order Revoking License....115

Foxhound Solar, LLC
For approval and certification of certain electrical facilities associated with a small renewable energy project....460

Freedom Bonding Inc
Order Revoking License....115

Freedom Life Insurance Company of America
Settlement Order 52

Front Range BidCo, Inc.
For approval of the transfer of indirect control of Zayo Group, LLC, to Front Range TopCo, Inc., pursuant to Va. Code § 56 88 *et seq.*....465

Front Range TopCo, Inc.
For approval of the transfer of indirect control of Zayo Group, LLC, to Front Range TopCo, Inc., pursuant to Va. Code § 56 88 *et seq.*....465

FTS Life Insurance Agency Inc
Order Revoking License....115

Fulcrum Securities, LLC
Order 540

Fusion Communications, LLC
For approval of a transaction that will result in a material change to the ownership and control of Fusion Connect LLC, Debtor in Possession, and Fusion Communications, LLC, Debtor in Possession, pursuant to Va. Code § 56 88 *et seq.*....490

Fusion Connect LLC
For approval of a transaction that will result in a material change to the ownership and control of Fusion Connect LLC, Debtor in Possession, and Fusion Communications, LLC, Debtor in Possession, pursuant to Va. Code § 56 88 *et seq.*....490

Fusion Connect, Inc., Fusion Connect LLC, Fusion Communications, LLC and Telecom Holdings LLC
For approval of a transaction that will result in a material change to the ownership and control of Fusion Connect LLC, Debtor in Possession, and Fusion Communications, LLC, Debtor in Possession, pursuant to Va. Code § 56 88 *et seq.*....490

-G-

Gallagher, Daniel K.
Final Order 42

Gallery Title Group
Order Revoking License 115

Gamewood Telecom, Inc.
For amended and reissued certificates of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change 520

Gargiulo, Raymond J.
Final Order 40

Garrison, Stormy
Order Granting Reconsideration 52

Gaston Brothers Utilities, Inc.
Order Dismissing Proceeding 577

Gateway Insurance Company
Order Suspending License 129

Gause, Antonio
Order Revoking License 90

Gilchrist, James
Settlement Order 562

Global Fiber Technologies LLC
Final Order 578

Global Services & Systems, Inc.
Final Order 579

Global Telecom Brokers of Virginia, Inc.
For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services 492

Globe Life and Accident Insurance Company
In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Globe Life and Accident Insurance Company and the Kansas Department of Insurance, the Minnesota Department of Commerce, the Missouri Department of Insurance, the Nebraska Department of Insurance, and the Oklahoma Insurance Department 65
Settlement Order 50

GMW Contracting, Inc.
Final Order 585

Golden Dunes Insurance LLC
Order Revoking License 115

Gomez, Jose Luis
Order Revoking License 120

Gopito, Tendai
Order Revoking License 132

Granite State Insurance Company, National Union Fire Insurance Company of Pittsburgh, PA, New Hampshire Insurance Company
Settlement Order 95

Great-West Life & Annuity Insurance Company
Approval of a Multi-State Regulatory Settlement Agreement between Great-West Life & Annuity Insurance Company, Great-West Life & Annuity Insurance Company of New York, First Great-West Life & Annuity Insurance Company, In the matter of 109

Great-West Life & Annuity Insurance Company of New York
Approval of a Multi-State Regulatory Settlement Agreement between Great-West Life & Annuity Insurance Company, Great-West Life & Annuity Insurance Company of New York, First Great-West Life & Annuity Insurance Company, In the matter of 109

Guaranteed Payday Loans L.L.C.
Order Revoking a License 23

Gunter, Wilburt
Settlement Order 558

-H-

Habliston, Ann Morton Young
Order 540

Hartford Fire Insurance Company
Settlement Order 66

Hartford Underwriters Insurance Company
Settlement Order 66

Hartquist & Noblet, LLC
Settlement Order 559

Harvest Financial Group, LLC and Kyle Thomas Mills
Settlement Order 526

Heald, *et al*. Seth G.
Order on Certified Question 36

Health Insurance Balance Billing, In the matter of Adopting New Rules Governing
Order to Take Notice 92

Health Insurance Innovations
In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Health Insurance Innovations, Inc. and Health Plan Intermediaries Holdings, LLC and the Florida Department of Financial Services, the Indiana Department of Insurance, the Kansas Insurance Department, the Office of the Montana State Auditor, Commissioner of Securities and Insurance, and the Utah Insurance Department 62

Health Plan Intermediaries Holdings, LLC d/b/a Health Insurance Innovations
In the matter of Approval of a Multi-State Regulatory Settlement Agreement between Health Insurance Innovations, Inc. and Health Plan Intermediaries Holdings, LLC and the Florida Department of Financial Services, the Indiana Department of Insurance, the Kansas Insurance Department, the Office of the Montana State Auditor, Commissioner of Securities and Insurance, and the Utah Insurance Department 62

HealthKeepers, Inc.
For Amendment of the Final Orders in Case Nos. INS-2002-00131 and INS-2007-00141 to grant complete and final relief from all remaining geographic restrictions prohibiting Anthem from providing services and functions from locations outside Virginia 123
Settlement Order 101, 130

Healthplan Services, Inc.
Order Revoking License 115

Hero's Strategies Inc
Order Revoking License 115

Hines, Jr., Bobby D.
Settlement Order 553

Hoffman Ins Agcy Inc
Order Revoking License 115

Holler, Peter
Settlement Order 563

Home Free Mortgage Incorporated
Order Revoking License 32

Home Owners Warranty Corporation
Final Order in Aid of Continuing Liquidation 73

Home Warranty Corporation
Final Order in Aid of Continuing Liquidation 73

HomePlus
Settlement Order 33

HomeTown Bankshares Corporation
To acquire control of HomeTown Bankshares Corporation 16

Hometown Investment Services Inc
Order Revoking License ... 115

Homewell Investment Services, Inc.
Order Revoking License ... 115

Hope BD Inc
Order Revoking License ... 115

HOW Insurance Company, a Risk Retention Group, Home Warranty Corporation, and Home Owners Warranty Corporation
Final Order in Aid of Continuing Liquidation ... 73

Hulse Insurance Agency LLC
Order Revoking License ... 115

Humphrey, Brittany N.
Settlement Order ... 69

Hussein, Tarik Joseph
Settlement Order ... 75

-I-

Industrial Loan Company
Settlement Order ... 24

INS Specialist Group
Order Revoking License ... 115

InSITE Fiber of Virginia LLC
For cancellation of a certificate of public convenience and necessity to provide interexchange telecommunications services ... 368

Insurance House Inc
Order Revoking License ... 64

Integon Casualty Insurance Company, Integon National Insurance Company, and National General Insurance Company
Settlement Order ... 101, 103

Integon National Insurance Company
Settlement Order ... 101, 103

Integrated Energy Services, LLC
For a license to do business as an electricty and natural gas aggregator ... 518

Integrity Energy, LTD. LLC
For license to do business as an electricity and natural gas aggregator ... 468

Internacional AMC Corporation
For authority to relocate an office ... 19

Intervalley Insurance Services
Order Revoking License ... 115

Iron Valley Real Estate, LLC
Settlement Order ... 573

-J-

J Etheredge Co
Order Revoking License ... 115

Jaramillo, Roberto
Order ... 23

Johnson, Meaghan Marie
Settlement Order ... 42

Jones, Samir R.
Order Revoking License ... 124

Jordan Vickers PA
Order Revoking License....115

Justin Enterprises, Inc. d/b/a Cash to Payday
For authority to relocate an office....19

-K-

Kaklis, John W.
Order Revoking License....91

Kapoor Insurance & Services Inc.
Settlement Order....47

Kentucky Power Company
For approval of transactions pursuant to Chapter 4 of Title 56 of the Code of Virginia....424

Kentucky Utilities Company d/b/a Old Dominion Power Company
For an order authorizing issuance of securities and the assumption of liabilities and to engage in an affiliate transaction under Chapters 3 and 4 of Title 56 of the Code of Virginia....487
For approval of an amended and restated 2019 Cost Allocation Manual....524
Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq.*....198
To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia....374

Kentucky Utilities Company d/b/a Old Dominion Power Company, *et al.*
For authority to engage in affiliate transactions....415

Kentucky Utilities Company d/b/a Old Dominion Power Company, Louisville Gas and Electric Company, LG&E and KU Services Company, PPL Electric Utilities Corporation, and PPL Services Corporation
For authority to engage in affiliate transactions....416

Kesler, Connie Goodman
Settlement Order....125

Key Insurance Agency LLC
Order Revoking License....115

Kingdom First LLC
Order Revoking License....115

Knopf, Jonas
Settlement Order....70

-L-

L5E, LLC
For a license to conduct business as an aggregator for electricity and natural gas....320

Lakeside Concrete Enterprises, Inc.
Order of Settlement....613

Lauck, Jessica E.
Order Revoking License....85

Lefevre, Elaine Margaret
Order Revoking License....84

Levasseur, John C.
Order on Certified Question....36

LG&E and KU Services Company
For authority to engage in affiliate transactions....416

Liberty Insurance Corporation
Settlement Order....82

Liberty Mutual Fire Insurance Company, Liberty Mutual Insurance Company, The First Liberty Insurance Corporation, LM Insurance Corporation, Liberty Insurance Corporation, and LM General Insurance Company
Settlement Order....82

Liberty Mutual Insurance Company
Settlement Order 82

Lifetime Mortgage, Inc.
Settlement Order 24

Lionsgate Investments, Incorporated
Judgment Order........ 564

Lipscomb, Christian Dominic
Settlement Order 46

LM General Insurance Company
Settlement Order 82

LM Insurance Corporation
Settlement Order 82

Lombard Advisers, Inc.
Settlement Order 539

Lopez, David
Settlement Order 543

Louisville Gas and Electric Company
For authority to engage in affiliate transactions 416

Loy Day Insurance Agency Inc
Order Revoking License 64

LPL Financial, LLC
Consent Order........ 531

Lucky 7 Bail Bonds Inc
Order Revoking License 115

Lutheran Church Extension Fund-Missouri Synod
For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia 567

-M-

Madsen Donuts
Settlement Order 551

Maiewski, Mark and Safe Money Solutions, LLC
Settlement Order 546

Mandeline, William Joseph
Settlement Order 79

Margaros, Peter Jack
Settlement Order 48

Mariners Landing Water & Sewer Company, Inc.
For approval of a transfer of a public utility........ 450

Mariners Run Insurance Agency Inc
Order Revoking License 115

Marines Plumbing LLC
Final Order........ 589

Maroney, Steve, Individually and d/b/a SGM Excavating
Final Order........ 593

Martinsville Du Pont Employees Credit Union, Incorporated d/b/a ValleyStar Credit Union
To merge with Entrust Financial Credit Union 18

Maryland Optimum Title LLC
Order Revoking License 115

Massanutten Public Service Corporation
For an increase in water and sewer rates 157
For an increase in water and sewer rates 157

May, Hector Anthony
Order Revoking License....................108

Mayorga Construction, LLC
Final Order 577

McCauley, Gregory Scott, Sr.
Judgment Order....................529

McDonald, Daniel and Security Trust Mortgage, L.L.C.
For approval of mortgage loan originator license and reinstatement of mortgage broker license MC-4505 for Security Trust Mortgage, L.L.C.....................26

McLawhorn Financial Advisors, Inc. and William L. McLawhorn
Settlement Order 574

McLawhorn, William L.
Settlement Order 574

MCM Insurance Agency Inc
Order Revoking License....................115

McRunnel, Jaclyn
Settlement Order 77

Mecklenburg Electric Cooperative
for authority to guarantee long-term indebtedness of an affiliate....................498
For authority to incur debt....................486

Mecklenburg Electric Cooperative and Empower Broadband, Inc.
For approval of a management services agreement and lease agreement under Chapter 4 of Title 56 of the Code of Virginia 304

Mehyar, Elcin
Settlement Order 50

Melior Benefits Agency LLC
Order Revoking License....................115

Mercury Casualty Company
Settlement Order 99

Michael Hunt Jr LLC
Order Revoking License....................115

Miller, Nathan R.
Order Revoking License....................126

Mills Concrete
Final Order 596

Mills, Kyle Thomas
Settlement Order 526

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....................552

Mitel Cloud Services of Virginia, Inc.
For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services 489

Money Order Sellers and Money Transmitters
Order to Take Notice....................29
Order Adopting Regulations....................30

Moonlighting LLC
Settlement Order 542

Moonlighting, Inc. f/k/a Moonlighting LLC
Settlement Order 542

Motor Vehicle Carriers, The Assessment of the Special Regulatory Revenue Tax for the Tax Year 2019
Assessment Order 141

Mowery Associates Inc
Order Revoking License 115

MSC Ins Agency of Tennessee LLC
Order Revoking License 115

Muirfield Energy, Inc.
For a license to do business as an electricity and natural gas aggregator........ 467

Murphy, Michael F.
Order on Certified Question........ 36

Myers, Kenneth Allan
Settlement Order 49

-N-

Nariman, Thomas and DRNK Coffee & Tea Franchising LLC
Settlement Order 572

Nason Insurance Services Inc
Order Revoking License 115

National Council on Compensation Insurance, Inc.
For revisions of advisory loss costs and assigned risk workers' compensation insurance rates 43

National Covenant Properties
For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia 549

National General Insurance Company
Settlement Order 101, 103

National Trust Insurance Company
Settlement Order 138, 139

National Union Fire Insurance Company of Pittsburgh, PA
Settlement Order 95

National Union Fire Insurance Company of Pittsburgh, Pennsylvania and The Insurance Company of the State of Pennsylvania
Settlement Order 83

National Utilities Refund, LLC
For a license to do business as an electricity and natural gas aggregator........ 515

Nationwide Mutual Fire Insurance Company, Nationwide Mutual Insurance Company, and Nationwide Property & Casualty Insurance Company
Settlement Order 128

Nationwide Mutual Insurance Company
Settlement Order 128

Nationwide Property and Casualty Insurance Company
Settlement Order 128

Negahban, Mehrdad
Settlement Order 528

Network Billing Systems, L.L.C.
For cancellation and issuance of a certificate of public convenience and necessity to provide local exchange telecommunications services to reflect a company name change 433

New Design Stone Co., LLC
Final Order........ 595

New Fiber Underground, LLC
Final Order 584

New Hampshire Insurance Company
Settlement Order 95

NewPath Networks, LLC
For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services....370

NFS Insurance Agency LLC
Order Revoking License....115

NGA 911, L.L.C.
For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia....371

No Exam Life Ins Inc
Order Revoking License....115

No Fees Insurance Agency Inc
Order Revoking License....115

Nordic Energy Services, LLC.
For license to conduct business as a competitive service provider of natural gas pursuant to § 56-587 of the Code of Virginia....499

North Starr Insurance LLC
Order Revoking License....115

Northern Neck Title Agency Inc
Order Revoking License....115

Northern Virginia Electric Cooperative
For approval to implement a Large Power Dedicated Facilities Contract Service Schedule, HV 2....279

Northern Virginia Electric Cooperative and NOVEC Solutions, Inc.
For approval of affiliate arrangements....407

Northern Virginia Electric Cooperative and South Boston Energy, LLC
For approval for South Boston Energy, LLC, to retain ownership of the 49.9 megawatt biomass generation facility in Halifax County, Virginia pursuant to Chapter 5 of Title 56 of the Code of Virginia....146

Northern Virginia Electric Cooperative, Inc.
For authority to transfer utility assets to Northern Virginia Electric Cooperative, Inc, pursuant to the Utility Transfers Act, Va. Code §§ 56 88 *et seq.*....517

Northstar Settlements LLC
Order Revoking License....64

Nova Casualty Company
Settlement Order....94

NOVEC Solutions, Inc.
For approval of affiliate arrangements....407

-O-

Ohio Power Company
For approval of affiliate agreement....438

Ohio Security Insurance Company
Settlement Order....135

Old Dominion Electric Cooperative
Motion of Old Dominion Electric Cooperative and its member distribution cooperatives for the Commission to join in a FERC petition for waiver of PURPA regulations, In the matter of....394

Old Dominion Power Company
For an order authorizing issuance of securities and the assumption of liabilities and to engage in an affiliate transaction under Chapters 3 and 4 of Title 56 of the Code of Virginia....487
For approval of an amended and restated 2019 Cost Allocation Manual....524

For authority to engage in affiliate transactions 415, 416
Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq*. 198
To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia 374

Olympus Holdings II, LLC, and AP VIII Olympus VoteCo, LLC
For approval of the transfer of indirect control of West Telecom Services, LLC, and West Safety Communications of Virginia Inc., pursuant to Va. Code § 56 88 *et seq.* 367

Open Market Energy, LLC
For a license to conduct business as an aggregator of natural gas and electricity 151

Outdoor Surety Services, LLC
Order Revoking License 115

Owners Insurance Company
Settlement Order 131, 137

-P-

P T G LLC
Order Revoking License 115

Palowitz, Angelyne Michelle
Order Revoking License 89

Paradise Settlement Services, LLC
Settlement Order 110

Paramount Financial Group LLC
Order Revoking License 106

Parker, Patrice
Settlement Order 127

Pennsylvania National Mutual Casualty Insurance Company
Settlement Order 83

Peoples Mutual Telephone Company, Riverstreet Management Services, LLC and Riverstreet Communications of Virginia, Inc.
For approval to enter into financing arrangements under Chapters 3 and 4 of Title 56 of the Code of Virginia 353

PERLB ABC, LLC
Order Revoking License 115

Phelps, Benjamin Rainey
Settlement Order 75

Pienta, Allison C.
Order on Reconsideration 35

Pivotal Propane of Virginia, Inc.
To amend easement agreement and for interim authority on an expedited basis 155, 156
To continue the approved Propane Sales Agreement 427

Platinum Care Select LLC
Order Revoking License 115

Platinum Protection Group L C
Order Revoking License 115

Pleasant, Mary Lynn
Settlement Order 60

Plutos National Title LLC
Order Revoking License 115

Ponce Electric, Inc.
Final Order 586

Populus Financial Group, Inc. d/b/a ACE Cash Express
For authority to relocate an office 20

Power Kiosk LLC
For a license to do business as an aggregator for electricity 390

Powers Group Inc
Order Revoking License....115

PPL Electric Utilities Corporation
For authority to engage in affiliate transactions....416

PPL Services Corporation
For authority to engage in affiliate transactions....416

Praetorian Insurance Company
Settlement Order 66

Preferred Financial Corporation
Order Revoking License....115

Pritchett, Kenneth
Settlement Order 65

Privotal Propane of Virginia, Inc.
To amend easement agreement and for interim authority on an expedited basis 155

Progressive Advanced Insurance Company
Settlement Order 137

Progressive Advanced Insurance Company, Progressive Direct Insurance Company, Progressive Gulf Insurance Company, Progressive Northern Insurance Company, Progressive Universal Insurance Company
Settlement Order 112

Progressive American Insurance Company
Settlement Order 137

Progressive Casualty Insurance Company
Settlement Order 137

Progressive Classic Insurance Company
Settlement Order 137

Progressive Direct Insurance Company
Settlement Order 112, 137

Progressive Gulf Insurance Company
Settlement Order 112, 137

Progressive Northern Insurance Company
Settlement Order 112, 137

Progressive Northwestern Insurance Company
Settlement Order 137

Progressive Specialty Insurance Company
Settlement Order 137

Progressive Universal Insurance Company
Settlement Order 112, 137

Protective Life and Annuity Insurance Company
Approval of a Multi-State Regulatory Settlement Agreement between Protective Life Insurance Company, Protective Life and Annuity Insurance Company, West Coast Life Insurance Company and the California Department of Insurance, In the matter of 109

Protective Life Insurance Company, Protective Life and Annuity Insurance Company, and West Coast Life Insurance Company
Approval of a Multi-State Regulatory Settlement Agreement between Protective Life Insurance Company, Protective Life and Annuity Insurance Company, West Coast Life Insurance Company and the California Department of Insurance, In the matter of 109

Providence Realty and Financial Mutual
Order Revoking License 115

Provider Alliance Insurance Services LLC
Order Revoking License 115

Pruitt, Joshua
Order Revoking License 105

-R-

Railroad Companies, The Assessment of the Special Regulatory Revenue Tax for the Tax Year 2019
Assessment Order 142

Randles, Antionette L.
Order Revoking License 60

Rappahannock Electric Cooperative
For authority to incur debt........ 464
Order on Certified Question........ 36

Rates for Accident and Sickness Insurance, In the matter of Amending Rules Governing the Filing of
Order Adopting Amendments to Rules 98

RBMS Health Inc
Order Revoking License 64

RCVA, Inc.
For cancellation of certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services 525

Real Advantage LLC
Order Revoking License 115

Resource Energy Systems, LLC
For a license to conduct business as an aggregator of electricity and natural gas........ 272

Reverse Mortgage Corporation
Order Revoking a License........ 28

Risk Services Corp
Order Revoking License 115

Riverstreet Communications of Virginia, Inc.
For approval to enter into financing arrangements under Chapters 3 and 4 of Title 56 of the Code of Virginia........ 353

RiverStreet Communications of Virginia, Inc.
For designation as an eligible telecommunications carrier........ 291

Riverstreet Management Services, LLC
For approval to enter into financing arrangements under Chapters 3 and 4 of Title 56 of the Code of Virginia........ 353

RLI Inc
Order Revoking License 115

Roanoke Gas Company
For a certificate of public convenience and necessity pursuant to § 56-265.3 of the Code of Virginia 148
For approval of certain transactions pursuant to the Affiliates Act of Title 56 of the Code of Virginia 458
For approval to amend its SAVE Plan and Rider and to implement a 2020 SAVE Projected Factor Rate and True-Up Factor Rate........ 440
For authority to issue up to $100 million in long-term securities and up to $40 million in short-term debt pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia 456
Order of Settlement........ 604, 608, 614

Rock Solid Concepts, LLC
Final Order........ 580

Rockingham Casualty Company
Settlement Order........ 102

Rocky Mount Title Inc
Order Revoking License 115

Rolling Stock Tax on Motor Vehicle Carriers for the Tax Year 2019, The Assessment of the
Assessment Order....143

Romano, Rosemary
Settlement Order 80

Rosenblatt Brokerage LLC
Order Revoking License....115

Rules Governing Forms Filing for Life and Accident and Sickness Policies, In the matter of Repealing and Adopting New
Order Repealing and Adopting Rules....96
Order to Take Notice....95

Rules Governing Health Insurance Balance Billing, In the matter of Adopting New
Order to Take Notice....92

Rules Governing the Filing of Rates for Accident and Sickness Insurance, In the matter of Amending
Order Adopting Amendments to Rules....98
Order to Take Notice....97

Rules Governing the Virginia Retail Franchising Act, In the matter of Adopting a Revision to the
Order Adopting Amended Rules 571
Order to Take Notice....570

Rules Governing the Virginia Securities Act, In the matter of Adopting a Revision to the
Order Adopting Amended Rules 557
Order to Take Notice....554

Russo, Vince
Final Order 40

-S-

S Brown & Assoc
Order Revoking License....115

S. J. Conner and Sons Inc.
Final Order 597

Saddle Point LLC
Order Revoking License....115

Safe Money Solutions, LLC
Settlement Order 546

Sam's East, Inc.
For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56 577 A 4 of the Code of Virginia 161, 166, 168, 172, 173

Santos, Cindy Y.
Settlement Order 68

Scalora, Tony
Final Order 40

Scott's Backhoe Service, Inc.
Final Order 588

SDC Summit Holdings, LLC
For approval of a transfer of control pursuant to Va. Code § 56 88 *et seq*....354

SDC Tilson Investor, LLC
For approval of the transfer of control of SQF, LLC, pursuant to Va. Code § 56-88 *et seq*....445

Security Financial Insurance Group, LLC
Order Revoking License....115

Security Trust Mortgage, L.L.C.
For approval of mortgage loan originator license and reinstatement of mortgage broker license MC-4505 for Security Trust Mortgage, L.L.C....26

Selective Insurance Company of America, Selective Insurance Company of South Carolina, Selective Insurance Company of the Southeast, and Selective Way Insurance Company
Settlement Order 100

Selective Insurance Company of South Carolina
Settlement Order 100

Selective Insurance Company of the Southeast
Settlement Order 100

Selective Way Insurance Company
Settlement Order 100

Senior Supplement Research Service LLC
Order Revoking License 64

Sequent Energy Management, L.P.
For approval of an Asset Management Agreement under Chapter 4, Title 56 of the Code of Virginia 349

SGM Excavating
Final Order 593

Shamrock Title LLC
Order Revoking License 115

Shaw, Marica L.
Order Revoking License 133

Shelton, Sandy, Individually and d/b/a New Design Stone Co., LLC
Final Order 595

Shenandoah Cable Television, LLC
For approval of an acquisition of control pursuant to the Utility Transfers Act, Code § 56 88 *et seq.*. 516

Shentel Communications, LLC and Shenandoah Cable Television, LLC
For approval of an acquisition of control pursuant to the Utility Transfers Act, Code § 56 88 *et seq.*. 516

SILVER DISTRICT COMMUNICATIONS L.L.C.
For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia 511

Slagel Investment Management and Zachary Slagel
Settlement Order 568

Slagel, Zachary
Settlement Order 568

Solium Financial Services LLC
Consent Order 575

South Boston Energy, LLC
For approval for South Boston Energy, LLC, to retain ownership of the 49.9 megawatt biomass generation facility in Halifax County, Virginia pursuant to Chapter 5 of Title 56 of the Code of Virginia 146

South Carolina Electric & Gas Company
For approval of a Services Agreement under Chapter 4 of Title 56 of the Code of Virginia 377

Southern Company Gas
For authority to issue short-term debt, long-term debt and common stock to an affiliate under Chapters 3 and 4, Title 56 of the Code of Virginia 522

Southern Company Gas Capital Corporation
For authority to issue short-term debt, long-term debt and common stock to an affiliate under Chapters 3 and 4, Title 56 of the Code of Virginia 522

Southern Title Insurance Corporation
For review of Southern Title Insurance Corporation Deputy Receiver's Determination of Appeal 54

Southland National Insurance Corporation
Order Suspending License 111

Southside Electric Cooperative
For a general increase in electric rates....446

Southwest Risk Management LLC
Order Revoking License....115

Southwestern Electric Power Company
For approval of an affiliate transaction under Chapter 4 of the Title of the Code of Virginia....425

Spero Insurance Solutions LLC
Order Revoking License....115

SQF Holdco, LLC, SDC Tilson Investor, LLC, and SQF, LLC
For approval of the transfer of control of SQF, LLC, pursuant to Va. Code § 56-88 *et seq*....445

SQF, LLC
For approval of the transfer of control of SQF, LLC, pursuant to Va. Code § 56-88 *et seq*....445

Squaretrade Insurance Services Inc
Order Revoking License....115

Stevenson, Jr., Alton Roy
Settlement Order....72

Stone Mountain Benefits LLC
Order Revoking License....115

Strategic Benefit Solutions Inc
Order Revoking License....64

Summit Energy Services, Inc.
For a license to conduct business as an aggregator of electricity and natural gas....269

Summit Infrastructure Group, Inc.
For approval of a transfer of control pursuant to Va. Code § 56 88 *et seq*....354

Summit Infrastructure Group, LLC
For approval of a transfer of control pursuant to Va. Code § 56 88 *et seq*....354

SummitIG, LLC
For approval of a transfer of control pursuant to Va. Code § 56 88 *et seq*....354

Sunesys of Virginia, Inc.
For cancellation of a certificate of public convenience and necessity to provide local exchange telecommunications services....368

SuperGlass Windshield Repair, Inc.
Settlement Order....565

Swann, Tiffiny Louise
Order Revoking License....67

SWBC Mortgage Corporation d/b/a HomePlus
Settlement Order....33

Synergy Coverage Solutions LLC
Order Revoking License....115

-T-

Tarik Hussein Insurance Agency Inc.
Settlement Order....76

Taylor, Garth Rumol, individually and d/b/a Breeze Solutions LLC
Final Order....582

Telco Pros Inc. d/b/a TPI Efficiency
For a license to do business as an electricity and natural gas aggregator....451

Telecom Holdings LLC
For approval of a transaction that will result in a material change to the ownership and control of Fusion Connect LLC, Debtor in Possession, and Fusion Communications, LLC, Debtor in Possession, pursuant to Va. Code § 56 88 *et seq*. 490

Telecommunications Companies and Certain Electric Suppliers for the Tax Year 2019, The Assessment of the Gross Receipts Subject to the Minimum Tax on
Assessment Order 143

Telecommunications Companies for the Tax Year 2019, The Assessment of the Special Regulatory Revenue Tax on
Assessment Order 141

Teliax Virginia, LLC
For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia 270

Tenaska Operations, Inc.
For approvals pursuant to Chapter 4 of Title 56 of the Code of Virginia 420

Tenaska Virginia Partners, L.P.
For approvals pursuant to Chapter 4 of Title 56 of the Code of Virginia 420

Tenaska, Inc.
For approvals pursuant to Chapter 4 of Title 56 of the Code of Virginia 420

Tenebris Fiber, LLC
For a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia 264

Texas Title Insurance Guaranty Association
For review of Southern Title Insurance Corporation Deputy Receiver's Determination of Appeal 54

The Allegheny Generating Company
For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq*. 408, 409

The Baptist Foundation of Oklahoma d/b/a WatersEdge Ministry Services
For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia 573

The Burnell Group LLC
Order Revoking License 115

The Canada Life Assurance Company (U.S.Branch)
Approval of a Multi-State Regulatory Settlement Agreement between Great-West Life & Annuity Insurance Company, Great-West Life & Annuity Insurance Company of New York, First Great-West Life & Annuity Insurance Company, In the matter of 109

The Canada Life Insurance Company of New York
Approval of a Multi-State Regulatory Settlement Agreement between Great-West Life & Annuity Insurance Company, Great-West Life & Annuity Insurance Company of New York, First Great-West Life & Annuity Insurance Company, In the matter of 109

The Chamberlain Group LTD
Order Revoking License 115

The First Liberty Insurance Corporation
Settlement Order 82

The General Automobile Insurance Company, Inc.
Settlement Order 72

The Great-West Assurance Company (U.S.Branch)
Approval of a Multi-State Regulatory Settlement Agreement between Great-West Life & Annuity Insurance Company, Great-West Life & Annuity Insurance Company of New York, First Great-West Life & Annuity Insurance Company, In the matter of 109

The Homestead Insurance Group Inc
Order Revoking License 115

The Insurance Company of the State of Pennsylvania
Settlement Order 83

The Landmark Insurance Group LLC
Order Revoking License 115

The Mechanic Group Inc
Order Revoking License.......115

The O.N. Equity Sales Company, Inc.
Settlement Order.......527

The Potomac Edison Company
For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq*.......315
For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq*.......312, 314

The Service Center Title Agency Inc
Order Revoking License.......115

The Solomon Foundation
For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia.......553

Thoits Insurance Service Inc
Order Revoking License.......115

Thomas, Deron J.
Order Revoking License.......113

Thompson, Bryan Trevor
Settlement Order.......61

Tighe, Lorraine Theresa
Order Revoking License.......134

TIME CLOCK SOLUTIONS, LLC
For a certificate of public convenience and necessity to provide local exchange telecommunications services in the Commonwealth of Virginia.......349

Time Insurance Company
Consent Order.......78

T-N-T Carports, Inc.
Final Order.......595

Toll Road Investors Partnership II, L.P.
For an increase in tolls pursuant to § 56-542 I of the Code of Virginia.......370

Total Lawn Care
Final Order.......587

Tozier Parkway Housh Jones
Order Revoking License.......115

TPI Efficiency
For a license to do business as an electricity and natural gas aggregator.......451

Trans Louisiana Gas Pipeline
For approval to enter into financing arrangements under Chapter 4 of Title 56 of the Code of Virginia.......375

Trans Louisiana Gas Pipeline, Inc.
For approval to enter into financing arrangements under Chapter 4 of Title 56 of the Code of Virginia.......521

TransparencE Energy Services, LLC
For a license to do business as an electricity aggregator.......491

Transportation Insurance Experts LLC
Order Revoking License.......115

TRM Insurance, Inc
Order Revoking License.......115

Trumbull Insurance Company
Settlement Order.......66

Trumbull Insurance Company and Twin City Fire Insurance Company
Settlement Order 136

Trustar Bank
For a certificate of authority to begin business as a bank at 774A Walker Road, Suite 220, Great Falls, Fairfax County, Virginia 17

Twin City Fire Insurance Company
Settlement Order 66, 136

-U-

U.S. Equity Advantage, Inc. d/b/a AutoPayPlus
Settlement Order 32

UBS Financial Services Inc.
Settlement Order 538

Unified Energy Services, LLC
For a license to conduct business as an aggregator of electricity and natural gas 289

Union Bank & Trust
For a certificate of authority to conduct a banking and trust business following a merger with Access National Bank and for authority to operate the offices of the merging banks 15

Union Bankshares Corporation
To acquire control of Access National Corporation 15

Union Insurance Company
Settlement Order 122

United Financial Casualty Company
Settlement Order 137

United States Fire Insurance Company
Settlement Order 122

USA Medicare Advisors Insurance Agency LLC
Order Revoking License 115

Utica National Assurance Company
Settlement Order 139

Utiliquest, LLC
Order of Settlement 590, 598, 606, 608, 612, 615

Utility Pipeline Holding Company, LLC
For approval to Refinance Long-Term Debt under Chapters 3 and 4 of Title 56 of the Code of Virginia 154

Utility Pipeline, Ltd.
For approval to Refinance Long-Term Debt under Chapters 3 and 4 of Title 56 of the Code of Virginia 154

-V-

ValleyStar Credit Union
To merge with Entrust Financial Credit Union 18

Varney, Lisa
Order Revoking License 127

Venie, David C.
Final Order 530

Verizon Virginia LLC
Order of Settlement 617

Vernam Mortgage Professionals LLC,
Order Revoking a License 25

Via, Karen Jeannine
Settlement Order 68

Vintage Settlement Services LLC
Order Revoking License....115

Virginia Carolina Pipeworks, Inc.
Final Order....599

Virginia Community Bankshares, Inc.
To acquire control of Virginia Community Bankshares, Inc. 20

Virginia Electric and Power
For revision of rate adjustment clause
Rider R, Bear Garden Generating Station....216

Virginia Electric and Power Company
For a declaratory judgment....469, 478
For a declaratory judgment or, in the alternative, for approval and certification of electric facilities
Fork Union Substation and related Line Cut In Project....274
For a prudency determination with respect to the Westmoreland Solar Power Purchase Agreement pursuant to § 56-585.1 4 F of the Code of Virginia....495
For an exemption from approval of, or alternatively for approval of, retail service arrangements under Chapter 4 of Title 56 of the Code of Virginia....391
For approval and certification of electric facilities
Fudge-Hollow-Low Moor Line #112 and East Mill-Low Moor Line #161 138 kV Transmission Line Partial Rebuild....264
Mt. Storm-Valley Line #550 kV Transmission Line Rebuild....397
Potomac Yards Undergrounding and Glebe GIS Conversion....385
For approval and certification of electric transmission facilities
Lanexa-Northern Neck Line #224 230 kV Transmission Line Partial Rebuild Projects....230
Line #65 rebuild across the Rappahannock River....152
Suffolk-Swamp 230 kV Transmission Line #247, Virginia Rebuild Project....434
For approval and certification of the proposed US-3 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-3, under § 56-585.1 A 6 of the Code of Virginia....239, 248
For approval of 100 percent renewable energy tariffs for residential and non-residential customers pursuant to §§ 56-577 A 5 and 56-234 of the Code of Virginia....160
For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia....234
For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia....429
For approval of a rate adjustment clause, designated Rider E, for the recovery of costs incurred to comply with state and federal environmental regulations pursuant to § 56-585.1 A 5 e of the Code of Virginia....328, 332, 333
For approval of a Services Agreement under Chapter 4 of Title 56 of the Code of Virginia....377
For approval of a voluntary renewable energy rate, designated Rider REC, pursuant to § 56-234 A of the Code of Virginia....442
For approval to establish a rate schedule, designated Rate Schedule 24, pursuant to § 56-234 A of the Code of Virginia....379
For approval to establish voluntary rate, designated Rider CRC, pursuant to § 56-234 B of the Code of Virginia....257
For approval to implement demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56 585.1 A 5 of the Code of Virginia....285
For approval to modify experimental companion tariff, designated Schedule RF, pursuant to § 56-234 B of the Code of Virginia....363
For authority to establish a credit facility under Chapters 3 and 4, Title 56 of the Code of Virginia, as amended....355
For authority to issue $8.0 billion in debt and preferred securities, establish trust financing facilities, enter into anticipatory hedging transactions and enter into an inter-company financing arrangement with Dominion Energy, Inc. 444
For revision of a rate adjustment clause
Rider U, new underground distribution facilities, for the rate year commencing February 1, 2020....392
For revision of rate adjustment clause
Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations for the Rate Year Commencing April 1, 2019....209
Rider BW, Brunswick County Power Station, for the Rate Year Commencing September 1, 2019....281
Rider GV, Greensville County Power Station....213
Rider S, Virginia City Hybrid Energy Center....219
Rider US-2, Scott, Whitehouse, and Woodland Solar Power Stations, for the Rate Year Commencing September 1, 2019....283
Rider W, Warren County Power Station....222
For the determination of the fair rate of return on common equity pursuant to § 56-585.1 1 C. of the Code of Virginia....400
In the matter concerning the implementation by Virginia Electric and Power Company d/b/a Dominion Energy Virginia of customer bill credits pursuant to Enactment Clause Nos. 4 and 5 of Senate Bill 966....187
Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq*. 195, 196, 507
To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia....431
Virginia Electric and Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 *et seq*....190

Virginia Electric and Power Company and Atlantic Coast Pipeline, LLC
For approval of a Water Withdrawal Agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia....459

Virginia Electric and Power Company and Dominion Energy South Carolina, Inc.
For approval of a Revised Services Agreement under Chapter 4 of Title 56 of the Code of Virginia....451
For exemption from approval of, or alternatively, for approval of participation in RESTORE under Chapter 4 of Title 56 of the Code of Virginia....514

Virginia Electric and Power Company and Northern Virginia Electric Cooperative, Inc.
For authority to transfer utility assets to Northern Virginia Electric Cooperative, Inc, pursuant to the Utility Transfers Act, Va. Code §§ 56 88 *et seq.* 517

Virginia Electric and Power Company and Potomac Edison Company
For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq*. 314

Virginia Electric and Power Company and The Allegheny Generating Company
For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq*. 408, 409

Virginia Electric and Power Company and The Potomac Edison Company
For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq.* 315
For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq*., and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq* 312

Virginia Electric and Power Company and Virginia Power Services, LLC
For approval of a revised affiliate agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia 503

Virginia Electric and Power Company d/b/a Dominion Energy Virginia
In the matter concerning the implementation of reductions in rates for generation and distribution services pursuant to Enactment Clause Nos. 6 and 7 of Senate Bill 966 189

Virginia Electric and Power Company d/b/a Dominion Energy Virginia and Dominion Energy South Carolina, Inc.
For approval of a Revised Services Agreement under Chapter 4 of Title 56 of the Code of Virginia 452

Virginia Electric and Power Company, Virginia Power Services Energy, Corp., Inc., and Dominion Energy Fuel Services, Inc.
For approval of revised fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia 502

Virginia Natural Gas, Inc.
For approval of an amendment to its conservation and ratemaking efficiency plan 325
For approval of its 2018 annual update to Rate Schedule PT-1 383
For approval of its 2019 annual update to Rate Schedule PT-1 381
For approval of its 2019 SAVE Rider Update 454
For approval to amend its SAVE Plan and Rider as provided by Chapter 26 of Title 56 (§§ 56-603 *et seq*.) of the Code of Virginia 418

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 359

Virginia Natural Gas, Inc. and Pivotal Propane of Virginia, Inc.
To amend easement agreement and for interim authority on an expedited basis 156
To continue the approved Propane Sales Agreement 427

Virginia Natural Gas, Inc. and Privotal Propane of Virginia, Inc.
To amend easement agreement and for interim authority on an expedited basis 155

Virginia Natural Gas, Inc., and Sequent Energy Management, L.P.
For approval of an Asset Management Agreement under Chapter 4, Title 56 of the Code of Virginia 349

Virginia Natural Gas, Inc., Southern Company Gas, AGL Services Company, and Southern Company Gas Capital Corporation
For authority to issue short-term debt, long-term debt and common stock to an affiliate under Chapters 3 and 4, Title 56 of the Code of Virginia 522

Virginia Partners Bank
To acquire control of Virginia Partners Bank 17

Virginia Pilots' Association, The Assessment of the Special Regulatory Revenue Tax for the Tax Year 2019
Assessment Order 141

Virginia Power Services Energy, Corp., Inc.
For approval of revised fuel agreements pursuant to Chapter 4 of Title 56 of the Code of Virginia 502

Virginia Power Services, LLC
For approval of a revised affiliate agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia 503

Virginia Retail Franchising Act, In the matter of Adopting a Revision to the Rules Governing the
Order Adopting Amended Rules 571
Order to Take Notice 570

Virginia Securities Act, In the matter of Adopting a Revision to the Rules Governing the
Order Adopting Amended Rules 557
Order to Take Notice 554

Virginia-American Water Company
For general increase in rates 293

-W-

Wal-Mart Stores East, LP and Sam's East, Inc.
For permission to aggregate or combine demands of two or more individual nonresidential retail customers of electric energy pursuant to § 56 577 A 4 of the Code of Virginia.... 161, 166, 168, 172, 173

Washington Gas Light Company
For approval of an amendment to its natural gas conservation and ratemaking efficiency plan 321
For approval of service agreements 412, 413
For Approval of the SAVE Rider for Calendar Year 2020 508
For authority to increase existing rates and charges and to revise the terms and conditions applicable to gas service pursuant to § 56-237 of the Code of Virginia....199
For authority to long-term debt securities and short-term debt 506
For authority to receive cash capital contributions from an affiliate pursuant to § 56-76 *et seq*. of Title 56 of the Code of Virginia 505
Order of Settlement 599, 605, 609, 610

Water Corporations for the Tax Year 2019, The Assessment of the Special Regulatory Revenue Tax and the State License Tax on
Assessment Order....142

Water, Heat, Light, and Power Corporations; Electric Suppliers; Pipeline Distribution Companies
Assessment Order....144

Waters, Jeff
Settlement Order 560

WatersEdge Ministry Services
For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia....573

Wayjo, Inc.
Order Accepting Offer of Settlement and Dismissing Proceeding....612

Waypoint Strategies
Order Revoking License....64

Wells Fargo Advisors
Order 540

Wells Fargo Clearing Services, LLC
Order 540

West Coast Life Insurance Company
Approval of a Multi-State Regulatory Settlement Agreement between Protective Life Insurance Company, Protective Life and Annuity Insurance Company, West Coast Life Insurance Company and the California Department of Insurance, In the matter of....109

Westfall Insurance Group Inc of MD
Order Revoking License....64

Westfield, Jacinda Mercedes
Order Granting Reconsideration....48
Order Revoking License....47

Williams, Christal Lynn a/k/a Christal Dunn
Order 27

Winkler, Chad
Settlement Order 81

Woodland, Jr., James Charles
Order Revoking License....86

World Trend Financial Planning Services, Ltd.
Settlement Order 544

Worth Financial Ins Services
Order Revoking License 115

Wright, Dale Edward and Equity Concepts, L.L.C.
Settlement Order 103

-Y-

Yager, Scott M.
Settlement Order 71

Yakshna Corporation
Order Revoking License 64

Young Family Trust, The, Marion M. Young and
Order 540

Young, Jr., Seymour R.
Order 540

Young, Marion M. and The Young Family Trust
Order 540

-Z-

Zamperini, Mark Edward
Settlement Order 56

Zayo Group Holdings, Inc., Zayo Group, LLC, Front Range TopCo, Inc., and Front Range BidCo, Inc.
For approval of the transfer of indirect control of Zayo Group, LLC, to Front Range TopCo, Inc., pursuant to Va. Code § 56 88 *et seq.* 465

Zayo Group, LLC
For approval of the transfer of indirect control of Zayo Group, LLC, to Front Range TopCo, Inc., pursuant to Va. Code § 56 88 *et seq.* 465

Zenobia, Richard
Final Order 40

Confidential

LIST OF CASES ESTABLISHED IN 2019

BAN/BFI BUREAU OF FINANCIAL INSTITUTIONS

BAN20190001	Hispanos Multiservices Incorporated - To open a check casher at 1703 Parkview Drive, Chesapeake, VA
BAN20190002	Family Foods of Gatesville, Inc. d/b/a Family Foods Emporia - To open a check casher at 338 School Street, Emporia, VA
BAN20190003	The Lenders Inc. - To open a consumer finance office
BAN20190004	The Lenders Inc.- To conduct consumer finance business where motor vehicle title lending business will also be conducted
BAN20190005	Newport News Shipbuilding Employees' Credit Union, Inc. d/b/a Bayport Credit Union - To open a credit union service office at 1013 University Boulevard, Suffolk, VA
BAN20190006	Omnex group, Inc. - For a money order license
BAN20190007	Bank of Charles Town - To open a branch at 446 Madison Tade Plaza SE, Leesburg, VA
BAN20190008	Kapileshawar, Inc. - To open a check casher at 4903 Chamberlayne Avenue, Richmond, VA
BAN20190009	Gitgo Inc. d/b/a Gitgo Food Mart - To open a check casher at 1607 Rodman Avenue, Portsmouth, VA
BAN20190010	Mid-Atlantic Development Group, LLC - To open a check casher at 2724 Washington Boulevard, Arlington, VA
BAN20190011	Visa Global Services Inc. - For a money order license
BAN20190012	Dhruhi Enterprise Inc. d/b/a Sunoco Food Mart #1050 - To open a check casher at 1050 South Military Highway, Chesapeake, VA
BAN20190013	Nx GEN RETAIL INC. - To open a check casher at 13338 S. Constitution Route, Scottsville, VA
BAN20190014	La Tapatia 2, Inc. - To open a check casher at 839 Virginia Beach Boulevard, Virginia Beach, VA
BAN20190015	Consumer Credit Counseling Foundation, Inc. - To relocate a credit counseling office from 5758 W. Las Positas Blvd., Suite C, Pleasanton, CA to 350 Sonic Avenue, Suite 101, Livermore, CA
BAN20190016	Virginia Credit Union, Inc. - To relocate a credit union office from 9951 Jefferson Davis Highway, Fredericksburg, VA to 4531 Spotsylvania Parkway, Fredericksburg, VA
BAN20190017	Virginia Community Bank - To open a branch at 104 South Main Street, Gordonsville, Orange County, VA
BAN20190018	Chesapeake Bank - To open a branch at 10000 Courtview Lane, Chesterfield County, VA
BAN20190019	Delmar Bancorp - To acquire Virginia Partners Bank, Fredericksburg, VA
BAN20190020	Beacon Credit Union, Incorporated - To relocate a credit union office from 2293 Magnolia Avenue, Buena Vista, VA to 2101 Forest Avenue, Buena Vista, VA
BAN20190021	Republic Finance, LLC - To open a consumer finance office
BAN20190022	Republic Finance, LLC - To open a consumer finance office at 1068 Temple Avenue, City of Colonial Heights, VA
BAN20190023	Republic Finance, LLC - To open a consumer finance office at 209 Village Avenue, Suite A, Yorktown, York County, VA
BAN20190024	Republic Finance, LLC - To open a consumer finance office at 4105 Chesapeake Square Boulevard, Suite 105, City of Chesapeake, VA
BAN20190025	Wellington Giros, LLC - To open a check casher
BAN20190026	Debt Counseling Corp. - To relocate a credit counseling office from 3033 Expressway Drive North, Hauppauge, NY to 990 South Second Street, Suite 4, Ronkonkoma, NY
BAN20190027	Citizens Bank and Trust Company - To open a branch at 2501 Anderson Highway, Powhatan County, VA
BAN20190028	Pure Financial Group LLC d/b/a Pure Finance - To open a consumer finance office
BAN20190029	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To open a consumer finance office at 780 Lynnhaven Parkway, Suite 270, City of Virginia Beach, VA
BAN20190030	Regional Finance Company of Virginia, LLC d/b/a Regional Finance-To conduct consumer finance business where auto club membership business will also be conducted
BAN20190031	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To conduct consumer finance business where non-filing insurance business will also be conducted
BAN20190032	Regional Finance Company of Virginia, LLC d/b/a Regional Finance - To conduct consumer finance business where sales finance business will also be conducted
BAN20190033	MainStreet Bank - To open a branch at 1130 Connecticut Avenue NW, Washington, DC
BAN20190034	Trustar Bank - To open a bank at 774 A Walker Road, Suite 220, Great Falls, Fairfax County, VA
BAN20190035	Bank of the James - To open a branch at 2101 Electric Road, Roanoke County, VA
BAN20190036	Own Enterprises VA Inc. d/b/a Davis Market - To open a check casher at 301 West Grace Street, Richmond, VA
BAN20190037	Leesburg Deli Market, LLC - To open a check casher at 11 Fort Evans Road, NE, Leesburg, VA
BAN20190038	Minh Nguyen - To acquire 25 percent or more of Today's Mortgage, Inc.
BAN20190039	Tuan Doan - To acquire 25 percent or more of Today's Mortgage, Inc.
BAN20190040	Sarah Ventures VA Inc. d/b/a Brother's Market - To open a check casher at 1838 East Nine Mile Road, Highland Springs, VA
BAN20190041	Fauquier Habitat for Humanity Application for Determination of a Bona Fide Non-Profit Status Pursuant to § 6.2-1701.1 of the Code of Virginia
BAN20190042	Select Bank & Trust Company - To open a branch at 621 Nevan Road, City of Virginia Beach, VA
BAN20190043	North Seattle Community College Foundation d/b/a American Financial Solutions - To relocate a credit counseling office from 263 4th Street, Bremerton, WA to 500 Pacific Avenue, Suite 550, Bremerton, WA
BAN20190044	Towne Bank - To open a branch at 1203 Duck Road, Duck, NC
BAN20190045	Garden State Consumer Credit Counseling, Inc. d/b/a Navicore Solutions - To open an additional credit counseling office at 501 Cambria Avenue, Suite 109, Bensalem, PA
BAN20190046	Garden State Consumer Credit Counseling, Inc. d/b/a Navicore Solutions - To open an additional credit counseling office at 169 West 2710 South Circle, Suite 202, St. George, UT
BAN20190047	Fiserv, Inc. - To acquire 25 percent or more of Integrated Payment Systems, Inc.

BAN20190048	CEX.IO CORP. - For a money order license
BAN20190049	Martinsville Du Pont Employees Credit Union, Incorporated d/b/a ValleyStar Credit Union - To merge into it Entrust Financial Credit Union, Richmond, VA
BAN20190050	Farmers Bank, Windsor, Virginia - To open a branch at 821 North Battlefield Boulevard, City of Chesapeake, VA
BAN20190051	CashFlash Financial Services, LLC - For a license to engage in business as a motor vehicle title lender
BAN20190052	CashFlash Financial Services of Virginia, LLC - For a license to engage in business as a motor vehicle title lender
BAN20190054	Branch Banking and Trust Company - To merge into it SunTrust Bank
BAN20190055	CashFlash Financial Services of Virginia, LLC-To conduct motor vehicle title lending business where open-end credit business is also conducted
BAN20190056	CashFlash Financial Services, LLC- To conduct motor vehicle title lending business where open-end credit business is also conducted
BAN20190057	GreenPath, Inc. d/b/a GreenPath Financial Wellness - To relocate a credit counseling office from 300 Garden City Plaza, Suite 220, Garden City, NY to 34 Willis Avenue, Suite 104, Mineola, NY
BAN20190058	Bank of the James - To open a branch at 550 Water Street, City of Charlottesville, VA
BAN20190059	Dinero Rapido LLC - To open a check casher at 4058 Crockett Street, Henrico, VA
BAN20190060	Atlantic Discount Corp. d/b/a Atlantic Financial Services - To open a consumer finance office at 2147 Old Greenbrier Road, Suite A, City of Chesapeake, VA
BAN20190061	Mark Lefanowicz - To acquire 25 percent or more of ETHOS LENDING LLC
BAN20190062	MPD Incorporated - To open a check casher at 7726 Jefferson Davis Highway, North Chesterfield, VA
BAN20190063	TF MC Acquisition Corp. - To acquire 25 percent or more of Trans-Fast Remittance LLC
BAN20190064	Dominion Credit Union - To relocate a credit union office from One James River Plaza Lobby Level, Richmond, VA to 600 East Canal Street Lobby, Richmond, VA
BAN20190065	Buckeye Title Loans of Virginia, LLC d/b/a Checksmart Consumer Loans - To relocate a motor vehicle title lending office from 4231 E. Little Creek Road, Suite B, Norfolk, VA to 704 Airline Boulevard, Portsmouth, VA
BAN20190066	Buckeye Check Cashing of Virginia, Inc. d/b/a Check$mart - To relocate a payday lending office from 4231 E. Little Creek Road, Suite B, Norfolk, VA to 704 Airline Boulevard, Portsmouth, VA
BAN20190067	ACAC, Inc. d/b/a Approved Cash - To relocate a motor vehicle title lending office from 829 West Constance Road, Unit 7, Suffolk, VA to 1447 North Main Street, Suffolk, VA
BAN20190068	ACAC, Inc. d/b/a Approved Cash - To relocate a payday lending office from 829 West Constance Road, Unit 7, Suffolk, VA to 1447 North Main Street, Suffolk, VA
BAN20190069	Mewael Joseph Ghebremichael - To acquire 25 percent or more of Nations Reliable Lending, LLC
BAN20190070	Adulis Express Inc. - For a money order license
BAN20190071	Lendmark Financial Services, LLC - To conduct consumer finance business where sales finance business will also be conducted
BAN20190072	Lendmark Financial Services, LLC-To conduct consumer finance business where auto club membership business will also be conducted
BAN20190073	Lendmark Financial Services, LLC - To open a consumer finance office at 5446 Southpoint Plaza Way, Spotsylvania County, VA
BAN20190074	Consumers Alliance Processing Corporation - To relocate a credit counseling office from 1935 Camino Vida Roble, Suite 150, Carlsbad, CA to 1959 Palomar Oaks Way, Suite 200, Carlsbad, CA
BAN20190075	Voyager Digital, LLC - For a money order license
BAN20190076	Sanghavi Bros., Inc. d/b/a Checks Cashed - To open a check casher at 7875 Heritage Drive, Annandale, VA
BAN20190077	USA Five Stars Multiservices LLC - To open a check casher at 13826-H Braddock Road, Centreville, VA
BAN20190078	Ron Maks Zach - To acquire 25 percent or more of Nations Reliable Lending, LLC
BAN20190079	Processing, LLC - To acquire 25 percent or more of Process Mortgage, LLC
BAN20190080	Atlantic Discount Corp. d/b/a Atlantic Financial Services - To conduct consumer finance business where sales finance business will also be conducted
BAN20190081	Freedom Mortgage Corporation - To acquire 25 percent or more of J.G. Wentworth Home Lending, LLC
BAN20190082	Bowling Green C Store Inc. - To open a check casher at 16392 Richmond Turnpike, Bowling Green, VA
BAN20190083	Border Credit Advisor LLC - To acquire 25 percent or more of Prime Mortgage Lending, Inc.
BAN20190084	Citizens and Farmers Bank - To open a branch at 1001 East Byrd Street, City of Richmond, VA
BAN20190085	United Bank - To open a branch at Chafin Building 517 9th. Street, Huntington, WV
BAN20190086	Constant Energy Capital Management, Inc. - To open a consumer finance office
BAN20190087	Beacon Credit Union, Incorporated - To merge into it N.C.S.E. Credit Union, Inc., Lovingston, VA
BAN20190088	SunTrust Bank - To relocate office from 5701-B Duke Street, Alexandria, VA to 6244A Little River Turnpike, Alexandria, VA
BAN20190089	SunTrust Bank - To open a branch at 43340 Van Geison Terrace, Ashburn, VA
BAN20190090	Summit Community Bank, Inc. - To open a branch at 100 Akers Farm Road, Christiansburg, VA
BAN20190091	C & A Grocery II Inc. d/b/a Sin Fronteras Latin Store - To open a check casher at 731 J Clyde Morris Boulevard, Suite B, Newport News, VA
BAN20190092	Samurai Holdings, LLC - To acquire 25 percent or more of Lendmark Financial Services, LLC
BAN20190093	Branch Banking and Trust Company - To open a branch at 21 Main Street, Warrenton, VA
BAN20190094	Mortgage Solutions Holdings LLC - To acquire 25 percent or more of Selene Finance LP
BAN20190095	Donovan J. Jappaya - To acquire 25 percent or more of J & D Funding Inc
BAN20190096	Haripriya Plus, Inc. d/b/a S&S Grocery&Deli - To open a check casher at 1303 Patterson Avenue SW, Roanoke, VA
BAN20190097	Mortgage Origination Holdings, LLC - To acquire 25 percent or more of Deephaven Mortgage LLC
BAN20190098	Relo Group Ontario, Inc. - To acquire 25 percent or more of Premia Mortgage, LLC
BAN20190099	Tokenvault LLC - For a money order license
BAN20190100	GN Money, LLC - To open a check casher at 5509 Vine Street, Alexandria, VA

BAN20190101	Real Financial, Inc. - To acquire 25 percent or more of Coastal Virginia Mortgage, LLC
BAN20190102	Winchester Foods Inc. d/b/a Mercado Latino Santa Fe - To open a check casher at 2836 Valley Avenue, Winchester, VA
BAN20190103	Towne Bank - To open a branch at 101 West Main Street, Suite 1000, World Trade Center, City of Norfolk, VA
BAN20190104	Movement Bank - To open a branch at 9726 Old Bailes Road, Suite 129, Fort Mill, SC
BAN20190105	Garden State Consumer Credit Counseling, Inc. d/b/a Navicore Solutions - To open an additional credit counseling office at 243 Tresser Boulevard, 17th Floor, Suite 23, Stamford, CT
BAN20190106	Justin Enterprises, Inc. d/b/a Cash To Payday - To relocate a payday lending office from 650 East Main Street, Suite A, Wytheville, VA to 775 East Main Street, Wytheville, VA
BAN20190107	Francis B. Simkins, III - To acquire 25 percent or more of OVM Financial, Inc.
BAN20190108	Trustar Bank - To open a branch at 8201 Greensboro Drive, McLean, Fairfax County, VA
BAN20190109	Internacional AMC Corporation - To relocate a motor vehicle title lending office from 8628 Centreville Road, Suite 201, Manassas, VA to 8317 Centreville Road, Suite 305, Manassas, VA
BAN20190110	Versara Lending, LLC - To open a consumer finance office
BAN20190111	TFG AMIF Unregulated Single Family Trust Company - To establish a new private trust company
BAN20190112	AU Card, LLC - To acquire 25 percent or more of CoinX, Inc.
BAN20190113	Trident VI, L.P. - To acquire 25 percent or more of Longbridge Financial, LLC
BAN20190114	French Irrevocable Trust - To establish a new private trust company
BAN20190115	Pure Financial Group LLC-To conduct consumer finance business where home improvement contracting operations will also be conducted
BAN20190116	Sterling International Market, Inc. d/b/a Latino Mercado & Cocina - To open a check casher at 107 Free Court, Sterling, VA
BAN20190117	Allied Title Lending LLC - To open a consumer finance office
BAN20190118	Allied Title Lending LLC - To open a consumer finance office at 4721 Walmsley Blvd., City of Richmond, VA
BAN20190119	Allied Title Lending LLC - To open a consumer finance office at 5802 E. Virginia Beach Blvd, Suite 146, City of Norfolk, VA
BAN20190120	Allied Title Lending LLC - To open a consumer finance office at 8855 Richmond Highway, Fairfax County, VA
BAN20190121	Allied Title Lending LLC - To open a consumer finance office at 1930 N. Armistead Avenue, Unit A, City of Hampton, VA
BAN20190122	Allied Title Lending LLC - To open a consumer finance office at 5108 Nine Mile Road, Henrico County, VA
BAN20190123	Allied Title Lending LLC - To open a consumer finance office at 6300 Mechanicsville Turnpike, Suite K, Mechanicsville, Hanover County, VA
BAN20190124	Allied Title Lending LLC - To open a consumer finance office at 658-J Clyde Morris Blvd, City of Newport News, VA
BAN20190125	Allied Title Lending LLC - To open a consumer finance office at 2886-B Airline Boulevard, City of Portsmouth, VA
BAN20190126	Allied Title Lending LLC - To open a consumer finance office at 645 Oakley Avenue, Suite B, City of Lynchburg, VA
BAN20190127	Allied Title Lending LLC - To open a consumer finance office at 2192 John Wayland Highway, Rockingham County, VA
BAN20190128	Allied Title Lending LLC - To open a consumer finance office at 870 Tanyard Road, Unit 8, Rocky Mount, Franklin County, VA
BAN20190129	Allied Title Lending LLC - To open a consumer finance office at 1838 Tappahannock Blvd., Suite 8-A, Tappahannock, Essex County, VA
BAN20190130	Allied Title Lending LLC - To open a consumer finance office at 2312-12B Hungary Road, Henrico County, VA
BAN20190131	Allied Title Lending LLC - To open a consumer finance office at 1136-A Emmet Street, City of Charlottesville, VA
BAN20190132	Allied Title Lending LLC - To open a consumer finance office at 838 Greenville Avenue, City of Staunton, VA
BAN20190133	Allied Title Lending LLC - To open a consumer finance office at 7717 Sudley Road, Prince William County, VA
BAN20190134	Allied Title Lending LLC - To open a consumer finance office at 115 Weems Lane, City of Winchester, VA
BAN20190135	Allied Title Lending LLC - To conduct consumer finance business where line of credit lending business will also be conducted
BAN20190136	Allied Title Lending LLC - To open a consumer finance office at 3822 Jefferson Davis Highway, Spotsylvania County, VA
BAN20190137	DeltaDx Purchaser, Inc. - To acquire 25 percent or more of DOLEX DOLLAR EXPRESS, INC.
BAN20190138	Kevin Heckemeyer - To acquire 25 percent or more of ResMac, Inc.
BAN20190139	Blue Ridge Bankshares, Inc. - To acquire Virginia Community Bankshares, Inc.
BAN20190140	Project Six Intermediate, LLC - To acquire 25 percent or more of Credible Operations, Inc.
BAN20190141	Global Payments Inc. - To acquire 25 percent or more of NetSpend Corporation
BAN20190142	Pinnacle Bank - To relocate office from 36 Church Avenue, SW, Roanoke, VA to 202 Campbell Avenue SE, Roanoke, VA
BAN20190143	Super Amanecer 2 Inc. d/b/a Super Amanecer 2 - To open a check casher at 1398 Town Square Boulevard NW, Roanoke, VA
BAN20190144	Populus Financial Group, Inc. d/b/a Ace Cash Express - To relocate a payday lending office from 2154-A Wards Road, Lynchburg, VA to 2126 Wards Road, Lynchburg, VA
BAN20190145	United Bank - To open a branch at 3030 M Street, NW, Washington, DC
BAN20190146	Valle Grande LLC d/b/a Mega Giros - To open a check casher at 10540 Lomond Dr., Manassas, VA
BAN20190147	Calvin B. Taylor Banking Co. of Berlin MD. Inc. - To open a branch at West Main Street and Shore Parkway Lot #1, Accomack County, VA
BAN20190148	New Peoples Bank, Inc. - To open a branch at 901 W. State Street, City of Bristol, VA
BAN20190149	SC Opportunity Fund LLC - To acquire 25 percent or more of The Loan Store LLC
BAN20190150	Rising Star 2, LLC - To acquire 25 percent or more of Dockside Mortgage, LLC
BAN20190151	Mortgage Assets Management, LLC - To acquire 25 percent or more of Reverse Mortgage Solutions, Inc.
BAN20190152	City National Bank - To open a branch at 8301 Greensboro Drive, McLean, VA
BAN20190153	Comunidad Latina MultiServices Inc. - To open a check casher at 10049 Midlothian Turnpike, Suite N, North Chesterfield, VA
BAN20190154	First Community Bank - To merge into it Highlands Union Bank
BAN20190155	First Community Bankshares, Inc. - To acquire Highlands Bankshares, Inc.

BAN20190156	First Community Bank - To relocate office from 747 Ft. Chriswell Road, Max Meadows, Wythe County, VA to 145 Ivanhoe Road, Max Meadows, Wythe County, VA
BAN20190157	C&F Financial Corporation - To acquire Peoples Bankshares, Incorporated
BAN20190158	Citizens and Farmers Bank - To merge into it Peoples Community Bank
BAN20190159	Emporia Tobacco and Gift Shop Inc. - To open a check casher at 600 West Atlantic Street, Emporia, VA
BAN20190160	Home Point Capital Inc. - To acquire 25 percent or more of PLATINUM MORTGAGE, INC.
BAN20190161	Trustar Bank - To open a branch at 11846 Spectrum Center, Suite C-9, Reston, Fairfax County, VA
BAN20190162	Trustar Bank - To open a branch at 1650 Tysons Boulevard, Suite 950, McLean, Fairfax County, VA
BAN20190163	Heng Shi - To acquire 25 percent or more of RateWinner LLC
BAN20190164	Matthew VanFossen - To acquire 25 percent or more of Absolute Home Mortgage Corporation
BAN20190165	John Kuskin - To acquire 25 percent or more of Absolute Home Mortgage Corporation
BAN20190166	George Herghelegiu - To acquire 25 percent or more of Absolute Home Mortgage Corporation
BAN20190167	Richard Conforti - To acquire 25 percent or more of Absolute Home Mortgage Corporation
BAN20190168	1320 llc d/b/a Kings Market & Checks Cashed - To open a check casher at 1320 Port Republic Road, Harrisonburg, VA
BAN20190169	355 LLC d/b/a A+ Mart & Checks Cashed - To open a check casher at 383 North Main Street, Harrisonburg, VA
BAN20190170	La Confianza Tienda Latina, LLC - To open a check casher at 288 N. Main Street, Harrisonburg, VA
BAN20190171	Industrial Loan Company - To relocate industrial loan office from 212 Riverside Avenue, Covington, VA to 128 North Maple Avenue, Covington, VA
BAN20190172	Jatin Kumar Bhatia - To acquire 25 percent or more of STEM Lending, Inc.
BAN20190173	OneMain Financial Group, LLC - To conduct consumer finance business where guarantee asset protection insurance will also be sold
BAN20190174	AIV Financial LLC - To open a check casher at 1082 Elden Street, Herndon, VA
BAN20190175	Lendmark Financial Services, LLC - To conduct consumer finance business where the business of home security plans will also be conducted
BAN20190176	Acra Intermediate Holdings LLC - To acquire 25 percent or more of CITADEL SERVICING CORPORATION
BAN20190177	Benchmark Community Bank - To relocate office from East Third Street & South Street, Farmville, Prince Edward County, VA to 101 Midtown Avenue, Farmville, Prince Edward County, VA
BAN20190178	First Sentinel Bank - To open a branch at 329 Ingleside Road, Princeton, WV
BAN20190179	Lou Ann Lynne Bode - To acquire 25 percent or more of Mid America Mortgage, Inc.
BAN20190180	Alliance Credit Counseling, Inc. - To relocate a credit counseling office from 10720 Sikes Place, Suite 100, Charlotte, NC to 8000 Corporate Center Drive # 114, Charlotte, NC
BAN20190181	First Tennessee Bank National Association - To open a branch at 13264 Booker T Washington Hwy., Hardy, VA
BAN20190182	First Tennessee Bank National Association - To open a branch at 260 S. Main Street, Rocky Mount, VA
BAN20190183	First Tennessee Bank National Association - To open a branch at 3000 Virginia Ave., Collinsville, VA
BAN20190184	First Tennessee Bank National Association - To open a branch at 250 Commonwealth Blvd., W., Martinsville, VA
BAN20190185	First Tennessee Bank National Association - To open a branch at 114 W. Blue Ridge Street, Stuart, VA
BAN20190186	First Tennessee Bank National Association - To open a branch at 62 Market Street, Onancock, VA
BAN20190187	First Tennessee Bank National Association - To open a branch at 21263 Lankford Highway, Cape Charles, VA
BAN20190188	First Tennessee Bank National Association - To open a branch at 410 Main street, South Boston, VA
BAN20190189	1st Class Financial 2, LLC - To acquire 25 percent or more of Colony Mortgage, LLC
BAN20190190	Farmers Bank, Windsor, Virginia - To open a branch at 1776 Princess Anne Road, Unit S, City of Virginia Beach, VA
BAN20190191	The Financing LLC - To conduct consumer finance business where motor vehicle title lending business will also be conducted
BAN20190192	The Financing LLC - To open a consumer finance office
BFI-2018-00006	Order assessing annual fees pursuant to § 6.2-1310 of the Code of Virginia, 10 VAC 5-40-20 of the State Corporation Commission's (Commission) rules governing credit unions, 10 VAC 5-40-5 *et seq.*, & the Commission's Order Reducing 2018 Annual Assessment
BFI-2018-00007	Order assessing annual fees pursuant to § 6.2-1310 of the Code of Virginia, 10 VAC 5-40-20 of the State Corporation Commission's (Commission) rules governing credit unions, 10 VAC 5-40-5 *et seq.*, & the Commission's Order Reducing 2018 Annual Assessment
BFI-2018-00019	Roberto Jaramillo - Alleged violation of VA Code §§ 6.2-1620*, et al.*
BFI-2018-00023	Seafarer Home Corporation - Alleged violation of VA Code §§ 6.2-1612*, et al.*
BFI-2018-00028	Lifetime Mortgage, Inc. - Alleged violation of VA Code § 6.2-1619
BFI-2018-00038	Industrial Loan Company - Alleged violation of VA Code §§ 6.2-403; 6.2-1418
BFI-2018-00086	Vernam Mortgage Professionals LLC - Alleged violation of VA Code §§ 6.2-1610, *et al.*
BFI-2018-00088	Champions Mortgage, Inc. - Alleged violation of VA Code §§ 6.2-1619, *et al.*
BFI-2018-00143	American Financial Network, Inc. - Alleged violation of VA Code §§ 6.2-1624, *et al.*
BFI-2019-00001	Daniel McDonald - Petition for Hearing before State Corporation Commission
BFI-2019-00002	Billie Edward Phillips - Alleged violation of VA Code § 6.2-1608
BFI-2019-00005	Christal Lynn Williams a/k/a Christal Dunn - Alleged violation of VA Code §§ 6.2-1716, *et al.*
BFI-2019-00006	Pursuant to § 6.2-1310 of the Code of Virginia, 10 VAC 5-40-20 of the State Corporation Commission's rules governing credit unions, 10 VAC 5-40-5 *et seq.*, and the Commission's Order Reducing 2019 Annual Assessment
BFI-2019-00007	Ex Parte: In re: database inquiry fee
BFI-2019-00010	Reverse Mortgage Corporation - Alleged violation of 10 VAC 5-160-90
BFI-2019-00011	Bole Inc. (Used in VA by: Atlantic International Inc) - Alleged violation of VA Code § 6.2-1907
BFI-2019-00012	Consumer Finance Licensees shall be assessed for 2019 pursuant to VA Code § 6.2-1532
BFI-2019-00013	Assessment/Reduction of fees to be paid by Mortgage Licensees Pursuant to VA Code § 6.2-1612
BFI-2019-00014	Apex Mortgage LLC - Alleged violation of VA Code § 6.2-1624
BFI-2019-00015	Amendment to Rules Governing Credit Counseling Agencies Pursuant to VA Code §§ 6.2-2012, *et al.*

BFI-2019-00016	Ex Parte: In re: Adopting Regulations governing Money Order Sellers and Money Transmitters
BFI-2019-00017	Minh Nguyen - Alleged violation of VA Code § 6.2-1608
BFI-2019-00018	Tuan Doan - Alleged violation of VA Code § 6.2-1608
BFI-2019-00019	Annual assessment and reduction of and savings institutions under Chapter 8 and 11 of Title 6.2 of the Code of Virginia
BFI-2019-00020	Annual assessment of industrial loan bank associations under Chapter 14 of Title 6.2 of the Code of Virginia
BFI-2019-00021	American Commercial Funding, LLC - Alleged violation of VA Code § 6.2-1610
BFI-2019-00024	American Housing Capital LLC - Alleged violation of VA Code § 6.2-1610
BFI-2019-00032	Home Free Mortgage Incorporated - Alleged violation of VA Code § 6.2-1610
BFI-2019-00037	Mark Lefanowicz - Alleged violation of VA Code § 6.2-1608
BFI-2019-00038	U.S. Equity Advantage, Inc. d/b/a AutoPayPlus - Alleged violation of VA Code § 6.2-1907 B
BFI-2019-00042	SWBC Mortgage Corporation - Alleged violation of VA Code § 6-2-1624; 10 VAC 5-160-60 A 2
BFI-2019-00043	Assessing Annual Fees - Pursuant to § 6.2-1905 B of the Code of Virginia and 10 VAC 5-120-50 of the State Corporation Commission's rules governing Money Order Sellers and Money Transmitters, 10 VAC 5-120-10 *et seq.*
BFI-2019-00047	Mewael Joseph Ghebremichael - Alleged violation of VA Code § 6.2-1608
BFI-2019-00048	Ron Maks Zach - Alleged violation of VA Code § 6.2-1608
BFI-2019-00049	Virginia Bankers Assoc., Farmers Bank, American National Bank & Trust Co., First Bank & Trust Co., First National Bank, Chesapeake Bank and The Bank of Charlotte Co. v. Virginia Credit Union, Inc., *et al.* - Petition for Rehearing or Reconsideration
BFI-2019-00109	E Mortgage Management LLC - Alleged violation of VA Code § 6.2-1600 *et seq.*
BFI-2019-00110	Industrial Loan Company - Alleged violation of 6.2-1414
BFI-2019-00111	Capital Mortgage Corporation Inc. - Alleged violation of violation of 10 VAC 5-160-90 B; 10 VAC 5-160 *et seq*.

CLK	**CLERK'S OFFICE**
CLK-2018-00012	Moneysworth Linen Services, Inc. - Alleged violation of VA Code § 13.1-614 C
CLK-2018-00013	Buth-Na-Bodhaige, Inc. - Petition for the Correction of Articles of Merger and Agreement and Plan of Merger
CLK-2019-00001	Election of Chairman pursuant to VA Code § 12.1-17
CLK-2019-00002	The Election of Patricia Lee West to the State Corporation Commission
CLK-2019-00004	Don-Way Farms, Inc. - For Dissolution of Corporate Existence
CLK-2019-00005	Emil J. Kleemann, Shareholder of Alpha-Omega Change Engineering, Inc. - Petition for nullification of purported merger of Alpha-Omega Change Engineering, Inc. with CA USA Mission Solutions, Inc., vacating the Certificate of Merger, *et al.*
CLK-2019-00006	Allison C. Pienta - Renewed Petition for Disclosure of Records of Business Entity
CLK-2019-00007	Richard L. Read and Elizabeth Garrard, Trustee of the Edgar D. Garrard Trust - Petition for Declaratory Judgment

INS	**BUREAU OF INSURANCE (BOI)**
INS-2012-00290	John Hancock Life Insurance Company - Approval Settlement Agreement
INS-2017-00223	Daniel K. Gallagher - Petition to Vacate a Disclosed Regulatory Action
INS-2017-00239	Pulaski and Giles Mutual Insurance Company - Application for Approval of Acquisition of Control of a Merger with a Domestic Insurer Dan River Farmers' Mutual Fire Insurance Company by Pulaski and Giles Mutual Insurance Company
INS-2018-00015	Meaghan Marie Johnson - Alleged violation of VA Code §§ 38.2-502 (1), *et al.*
INS-2018-00069	Michael P. Donovan, Richard Edward Moore, Libre By Nexus Inc. and Nexus Services Inc. - Alleged violation of VA Code § 38.2-1822
INS-2018-00079	Christian Dominic Lipscomb - Alleged violation of VA Code § 38.2-1831 (1)
INS-2018-00177	Kapoor Insurance & Services, Inc. - Alleged violation of VA Code § 38.2-1813
INS-2018-00209	Jacinda Mercedes Westfield - Alleged violation of VA Code § 38.2-1831 (1)
INS-2018-00210	Peter Jack Margaros - Alleged violation of VA Code §§ 38.2-1829, *et al.*
INS-2018-00220	Kenneth Allan Myers - Alleged violation of VA Code §§ 38.2-512 A, *et al.*
INS-2018-00231	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 2019
INS-2018-00234	Globe Life and Accident Insurance Company - Alleged violation of VA Code §§ 38.2-302 A, *et al.*
INS-2018-00242	Elcin Mehyar - Alleged violation of VA Code §§ 38.2-512 (A), *et al.*
INS-2018-00245	Austin Lee Decker - Alleged violation of VA Code § 38.2-512 (A)
INS-2018-00252	Freedom Life Insurance Company - Alleged violation of VA Code §§ 38.2-502, *et al.*
INS-2018-00253	Starmount Life Insurance Company - Alleged violation of VA Code § 38.2-610 A
INS-2018-00254	Anthem Health Plans of Virginia, Inc. - Alleged violation of VA Code §§ 38.2-502, *et al.*
INS-2018-00256	Mark Edward Zamperini - Alleged violation of VA Code § 38.2-512 A
INS-2019-00001	Amerigas Propane, Inc. - Alleged violation of VA Code § 38.2-1831 (1)
INS-2019-00002	Ariel D'Alessandro - Petition for Reconsideration
INS-2019-00003	Jeremy Edward Carlson - Alleged violation of VA Code § 38.2-1826 C
INS-2019-00004	Fred Felder - Alleged violation of VA Code §§ 38.2-1826 C, *et al.*
INS-2019-00005	Antionette L. Randles - Alleged violation of VA Code § 38.2-1826 C
INS-2019-00006	Mary Lynn Pleasant - Alleged violation of VA Code §§ 38.2-1813, *et al.*
INS-2019-00007	Bryan Trevor Thompson - Alleged violation of VA Code §§ 38.2-1831 (10), *et al.*
INS-2019-00009	Health Plan Intermediaries Holdings, LLC d/b/a Health Insurance Innovations, Inc. - Multi-State Exam
INS-2019-00012	Rebecca Burroughs Adams - Alleged violation of VA Code § 38.2-1826 C
INS-2019-00013	Erick Fanfan Calixte - Alleged violation of VA Code § 38.2-1826 A, C
INS-2019-00015	Brewer Cycles Inc., *et al.* - Alleged violation of VA Code §§ 38.2-1820, *et al.*
INS-2019-00016	Kenneth Pritchett - Alleged violations of VA Code §§ 38.2-512 A, *et al.*

INS-2019-00017	In Re: Approval of a Multi-State Regulatory Settlement Agreement between Globe Life & Accident Insurance Co. & Kansas Department of Insurance, Minnesota Department of Commerce, the Missouri Department of Insurance, Nebraska Department of Insurance, & Oklahoma Insurance Department
INS-2019-00018	Praetorian Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2019-00019	Accredited Insurance Agency of Chesapeake Inc. - Alleged violation of VA Code § 38.2-1813
INS-2019-00020	Raymond Douglas Coffman - Alleged violation of VA Code § 38.2-1831 (1)
INS-2019-00021	Harford Fire Insurance Company, Hartford Underwriters Insurance Co., Trumbull Insurance Company and Twin City Fire Insurance Co. - Alleged violation of VA Code § 38.2-1906
INS-2019-00024	Tiffiny Louise Swann - Alleged violation of VA Code § 38.2-1831 (1)
INS-2019-00025	Hunter Chase Dawson - Alleged violation of VA Code §§ 38.2-509, *et al.*
INS-2019-00026	Devpriya Kapoor - Alleged violation of VA Code § 38.2-1831 (1)
INS-2019-00027	Cindy Y. Santos - Alleged violation of VA Code §§ 38.2-512, *et al.*
INS-2019-00028	Karen Jeannine Via - Alleged violation of VA Code § 38.2-512
INS-2019-00029	Brittany N. Humphrey - Alleged violation of VA Code § 38.2-512
INS-2019-00030	Elephant Insurance Company - Alleged violation of 14 VAC 5-400-70 D
INS-2019-00031	In the matter of presentations of premium rates in connection with health insurance coverage issued in the individual and small group markets
INS-2019-00032	Jonas Knopf - Alleged violation of VA Code §§ 38.2-512 (a), *et al.*
INS-2019-00033	Scott M. Yager - Alleged violation of VA Code §§ 38.2-1826, *et al.*
INS-2019-00034	Alton Roy Stevenson, Jr. - Alleged violation of VA Code §§ 38.2-512 A, *et al.*
INS-2019-00035	The General Automobile Insurance Company, Inc. - Alleged violation of 14 VAC 5-400-70 D
INS-2019-00036	Home Warranty Corporation, Home Owners Warranty Corporation and HOW Insurance Company, a Risk Retention Company - For Order in Aid of Receivership
INS-2019-00038	American Benefit Life Insurance Company - For approval of assumption reinsurance agreement pursuant to VA Code § 38.2-136 C
INS-2019-00039	Tina Bell - Alleged violation of VA Code §§ 38.2-1826; 38.2-1831 (1)
INS-2019-00040	Angelica Lynn Alford - Alleged violation of VA Code § 55-525.30 A
INS-2019-00041	Ex Parte: In the matter of presentations of premium rates in connection with long-term care insurance issued in Virginia
INS-2019-00042	Benjamin Rainey Phelps - Alleged violation of VA Code § 38.2-512
INS-2019-00043	Tarik Joseph Hussein - Alleged violation of VA Code §§ 38.2-1809, *et al.*
INS-2019-00044	Tarik Hussein Insurance Agency Inc. - Alleged violation of VA Code §§ 38.2-1809, *et al.*
INS-2019-00046	Jaclyn McRunnel - Alleged violation of VA Code § 38.2-512
INS-2019-00047	Catawba Insurance Company - Alleged violation of VA Code § 38.2-1028
INS-2019-00048	Joseph Harrell Watts - Alleged violation of VA Code § 38.2-1831 (1)
INS-2019-00049	Time Insurance Company - Alleged violation of VA Code §§ 38.2-1028, *et al.*
INS-2019-00051	Andrew S. Corbman - Alleged violation of VA Code §§ 38.2-1801 A, *et al.*
INS-2019-00052	Keith Johnson - Alleged violation of VA Code §§ 38.2-1826 C, *et al.*
INS-2019-00053	William Joseph Mandeline - Alleged violation of VA Code § 38.2-512
INS-2019-00054	Rosemary Romano - Alleged violation of VA Code § 38.2-512
INS-2019-00055	Chad Winkler - Alleged violation of VA Code § 38.2-1931 (1)
INS-2019-00056	Coventry Health and Life Insurance Company - Alleged violation of VA Code §§ 38.2-3407.15 B 1, *et al.*
INS-2019-00057	Liberty Mutual Fire Insurance Company, Liberty Mutual Insurance Company, The First Liberty Insurance Corporation, LM Insurance Corp., Liberty Insurance Corp, LM General Insurance Company - Alleged violation of VA Code §§ 38.2-305 A, *et al.*
INS-2019-00058	Pennsylvania National Mutual Casualty Insurance Company - Alleged violation of VA Code §§ 38.2-218, *et al.*
INS-2019-00059	National Union Fire Insurance Company of Pittsburgh, PA & The Insurance Company of The State of Pennsylvania - Alleged violation of VA Code § 38.2-1906 D
INS-2019-00061	Elaine Margaret Lefevre - Alleged violation of VA Code § 38.2-1826 C
INS-2019-00062	Jessica E. Lauck - Alleged violation of VA Code §§ 38.2-1809, *et al.*
INS-2019-00064	Daphne Lynn Eubank - Alleged violation of VA Code §§ 38.2-512 A, *et al.*
INS-2019-00065	Michael Charles Lindhurst & C3 Group, Inc. - Alleged violation of VA Code §§ 38.2-1845.13, *et al.*
INS-2019-00066	James Charles Woodland, Jr. - Alleged violation of VA Code §§ 38.2-1845.2, *et al.*
INS-2019-00067	Coventry Health Care of Virginia, Inc. - Alleged violation of VA Code §§ 38.2-510 A 2, *et al.*
INS-2019-00068	Jana Rae Alvarez - Alleged violation of VA Code §§ 38.2-1826 C, *et al.*
INS-2019-00069	Mark David Guerrettaz - Alleged violation of VA Code §§ 38.2-1831 (1), *et al.*
INS-2019-00072	Karen G. Aracena - Alleged violation of VA Code §§ 38.2-5502.1, *et al.*
INS-2019-00073	Safinea Barbee - Alleged violation of VA Code § 38.2-1831 (1)
INS-2019-00074	Jo Uana Carter - Alleged violation of VA Code §§ 38.2-1826; 38.2-1831 (1)
INS-2019-00075	Angelyne Michelle Palowitz - Alleged violation of VA Code §§ 38.2-1826, 38.2-1831 (1)
INS-2019-00077	Antonio Gause - Alleged violation of VA Code § 38.2-1831 (1)
INS-2019-00078	Ruth Lynn Elder - Alleged violation of VA Code §§ 38.2-1826, *et al.*
INS-2019-00079	John W. Kaklis - Alleged violation of VA Code §§ 38.2-1826, *et al.*
INS-2019-00080	National Council on Compensation Insurance, Inc. - For revisions of advisory loss costs and assigned risk workers' compensation insurance rates 2019
INS-2019-00081	Ex Parte: In the matter of Adopting New Rules Governing Health Insurance Balance Billing
INS-2019-00082	Adrian Quasheena Epps - Alleged violation of VA Code § 38.2-1826
INS-2019-00083	U.S. Law Shield of Virginia, Inc - Alleged Violation of Virginia Code § 38.2-1301
INS-2019-00085	Nova Casualty Company - Alleged violation of VA Code § 38.2-1906 D

INS-2019-00086	Granite State Insurance Company, National Union Fire Insurance Company of Pittsburgh, PA, and New Hampshire Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2019-00088	Ex Parte: In the matter of Repealing and Adopting New Rules Governing Forms Filing for Life and Accident and Sickness Policies
INS-2019-00089	Ex Parte: In the matter of Amending Rules Governing the Filing of Rates for Accident and Sickness Insurance
INS-2019-00090	American Mercury Insurance Company and Mercury Casualty Company - Alleged violation of 14 VAC 5-400-70 D
INS-2019-00091	Selective Insurance Company of South Carolina - Alleged violation of VA Code § 38.2-1906 A
INS-2019-00092	Erie Insurance Exchange - Alleged violation of VA Code § 38.2-1906 D
INS-2019-00093	United States Fire Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2019-00094	Direct General Insurance Company - Alleged violation of 14 VAC 5-400-70 D
INS-2019-00095	Selective Insurance Company of America, Selective Insurance Company of South Carolina, Selective Insurance Company of the Southeast and Selective Way Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2019-00096	HealthKeepers, Inc. - Alleged violation of VA Code §§ 38.2-510 A 6, *et al.*
INS-2019-00097	Integon Casualty Insurance Company, Integon National Insurance Company, Integon General Insurance Company – Alleged violation of § 38.2-2201 of the VA Admin. Code
INS-2019-00098	Rockingham Casualty Company - Alleged violation of VA Code § 38.2-2201
INS-2019-00099	Integon Casualty Insurance Company, Integon National Insurance Company and Integon General Insurance Company - Alleged violation of VA Code § 38.2-2201
INS-2019-00100	Dale Edward Wright and Equity Concepts, L.L.C. - Alleged violation of VA Code §§ 38.2-502*, et al.*
INS-2019-00101	CSAA Affinity Insurance Company, CSAA General Insurance Company and CSAA Mid-Atlantic Insurance Company - Alleged violation of 14 VAC 5-400 70 D
INS-2019-00104	Joshua Pruitt - Alleged violation of VA Code §§ 38.2-1826, *et al.*
INS-2019-00105	Coats Surety Insurance Services Inc., Family Choice & Virginia Beach LLC and Paramount Financial Group LLC – Alleged violation of VA Code §§ 38.2-1826, *et al.*
INS-2019-00106	Michael R. Baker - Alleged violation of VA Code §§ 38.2-1826; 38.2-1831 (1) (9)
INS-2019-00107	Hector Anthony May - Alleged violation of VA Code § 38.2-1826
INS-2019-00108	Eric Sash - Alleged violation of VA Code § 38.2-1831 (1)
INS-2019-00109	Protective Life Insurance Co., *et al.* - For approval of a Multi-State Regulatory Settlement Agreement
INS-2019-00110	Great-West Life & Annuity Insurance Company, *et al.* - For approval of a Multi-State Regulatory Settlement Agreement
INS-2019-00111	Allstate Life Insurance Company, *et al.* - For approval of a Multi-State Regulatory Settlement Agreement
INS-2019-00112	Abode Settlement Group LLC - Alleged violation of VA Code §§ 55-525.30*, et al.*
INS-2019-00113	Paradise Settlement Services LLC - Alleged violation of VA Code §§ 55-525.30*, et al.*
INS-2019-00116	Southland National Insurance Corporation - Alleged violation of VA Code § 38.2-1040
INS-2019-00117	Bankers Life Insurance Company - Alleged violation of VA Code § 38.2-1040
INS-2019-00118	Progressive Advanced Insurance Co., Progressive Direct Insurance Co., Progressive Gulf Insurance Co., Progressive Northern Insurance Co. and Progressive Universal Insurance Co. - Alleged violation of VA Code §§ 38.2-231 A*, et al.*
INS-2019-00119	Colorado Bankers Life Insurance Company - Alleged violation of VA Code § 38.2-1040
INS-2019-00120	Kimberly J. Griffin - Alleged violation of VA Code § 38.2-1831 (1)
INS-2019-00123	Deron J. Thomas - Alleged violation of VA Code § 38.2-1826
INS-2019-00124	Jay Todd Eurich - Alleged violation of VA Code §§ 38.2-1826, *et al.*
INS-2019-00125	American Service Insurance Company, Inc. - Alleged violation of VA Code § 38.2-1040
INS-2019-00126	Accounting One Financial Inc - Alleged violation of VA Code §§ 38.2-1820 B 2, *et al.*
INS-2019-00127	Jose Luis Gomez - Alleged violation of VA Code § 38.2-1831 (1)
INS-2019-00131	Electric Insurance Company - Alleged violation of 14 VAC 5-400-70 D
INS-2019-00132	Acadia Insurance Co., Continental Western Insurance Co., Fireman's Insurance Co. of Washington, DC and Union Insurance Co. - Alleged violation of VA Code § 38.2-1906 D
INS-2019-00133	United States Fire Insurance Company - Alleged violation of VA Code § 38.2-317 A
INS-2019-00134	United States Fire Insurance Company - Alleged violation of VA Code § 38.2-317 A
INS-2019-00136	Penn-Patriot Insurance Company - Letter requesting Form A Exemption
INS-2019-00137	Anthem Health Plans of Virginia, Inc. and HealthKeepers, Inc. - Petition for Amendment of the Final Orders in Case Nos. INS-2002-00131 and INS-2007-00141 to Grant Complete and Final Relief from all Remaining Geographic Restrictions
INS-2019-00138	Electric Insurance Company - Alleged violation of VA Code § 38.2-2201
INS-2019-00140	Samir R. Jones - Alleged violation of VA Code §§ 38.2-1826 A, C
INS-2019-00141	Connie Goodman Kesler - Alleged violation of VA Code § 38.2-512
INS-2019-00142	Nathan R. Miller - Alleged violation of the VA Code §§ 38.2-1816 A, C
INS-2019-00143	Patrice Parker - Alleged violation of the VA Code § 38.2-512
INS-2019-00145	Lisa Varney - Alleged violation of VA Code 38.2-1826 C
INS-2019-00146	Nationwide Mutual Fire Insurance Co, Nationwide Mutual Insurance Co, and Nationwide Property & Casualty Insurance Co. - Alleged violation of VA Code § 38.2-1906 D
INS-2019-00149	Anthem Health Plans of Virginia, Inc. - Alleged violation of VA Code § 38.2-3405 B
INS-2019-00150	Gateway Insurance Company - Alleged violation of VA Code § 38.2-1040
INS-2019-00151	HealthKeepers, Inc. - Alleged violation of 14 VAC 5-400-70 E
INS-2019-00152	Auto-Owners Insurance Company and Owners Insurance Company - Alleged violation of VA Code § 38.2-317 A
INS-2019-00153	Erie Insurance Company & Erie Insurance Exchange - Alleged violation of VA Code §§ 38.2-305 A, *et al.*
INS-2019-00154	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 2020
INS-2019-00156	Tendai Gopito - Alleged violation of VA Code §§ 38.2-1826, *et al.*
INS-2019-00157	Marica L. Shaw - Alleged violation of VA Code §§ 38.2-1826, *et al.*
INS-2019-00164	David Paul Rasak - Alleged violation of VA Code §§ 38.2-1826, *et al.*

INS-2019-00165	Amerisure Insurance Company and Amerisure Mutual Insurance Company - Alleged violation of VA Code § 38.2-317 H
INS-2019-00166	Christopher Chung - Alleged violation of VA Code § 38.2-1831 (1)
INS-2019-00172	Lorraine Theresa Tighe - Alleged violation of VA Code § 38.2-1826
INS-2019-00176	American Fire and Casualty Company and Ohio Security Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2019-00177	Trumbull Insurance Company and Twin City Fire Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2019-00178	Arch Insurance Company - Alleged violation of VA Code § 38.2-1906 D
INS-2019-00179	Auto Owners Insurance Company and Owners Insurance Company - Alleged violation of VA Code § 38.2-317 A
INS-2019-00183	Progressive Advanced Ins Co., Progressive American, Progressive Casualty, Progressive Classic, Progressive Direct, Progressive Gulf, Progressive Northern, Progressive Northwestern, *et al.* - Alleged violation of VA Code § 38.2-2201
INS-2019-00192	FCCI Insurance Company & National Trust Insurance Company - Alleged violation of VA Code § 38.2-317 H
INS-2019-00193	FCCI Insurance Company & National Trust Insurance Company - Alleged violation of VA Code § 38.2-317 H
INS-2019-00195	Utica National Assurance Company - Alleged violation of VA Code § 38.2-1906 D

PST **PUBLIC SERVICE TAXATION**

PST-2016-00017	Washington Gas Light Company - Supplemental Assessment for Tax Year 2016
PST-2018-00026	Application for review and correction of the assessment of the value of property subject to local taxation - Tax Year 2018
PST-2019-00001	Appalachian Power Company - Supplemental Assessment for Tax Year 2018
PST-2019-00002	MCI Metro Access Trans. Services of Va. Inc. - Supplemental Assessment for Tax Year 2018
PST-2019-00003	The Assessment of the Special Regulatory Revenue Tax on Motor Vehicle Carriers and Virginia Pilots' Association for the Tax Year 2019
PST-2019-00004	The Assessment of the Special Regulatory Revenue Tax on Telecommunications Companies for the Tax Year 2019
PST-2019-00005	The Assessment of the Special Regulatory Revenue Tax and the State License Tax on Water Companies for the Tax Year 2019
PST-2019-00006	The Assessment of the Special Regulatory Revenue Tax on Railroad Companies for the Tax Year 2019
PST-2019-00007	The Assessment of the Gross Receipts Subject to the Minimum Tax on Telecommunications Companies and Certain Electric Suppliers for the Tax Year 2019
PST-2019-00008	The Assessment of the Rolling Stock Tax on Motor Vehicle Carriers for the Tax Year 2019
PST-2019-00009	Allied Telecom Group, LLC - Supplemental Assessment for Tax Years 2016, 2017, and 2018
PST-2019-00010	T-Mobile Northeast, LLC - Petition for Declaratory Judgment
PST-2019-00011	Appalachian Power Company - Supplemental Assessment for Tax Year 2018
PST-2019-00012	The refund of overpaid license Tax on Gross Receipts for the Taxable Year 2018
PST-2019-00013	Rappahannock Electric Cooperative - Supplemental Assessment for Tax Year 2018
PST-2019-00014	The assessment of Water, Heat, Light, and Power Corporations; Electric Suppliers; Pipeline Distribution Companies; and Telecommunications Companies for the 2019 Tax Year
PST-2019-00015	Wheelabrator Portsmouth, Inc. - Supplemental Assessment for Tax Year 2018
PST-2019-00016	Equant U.S., Inc. - Supplemental assessment for Tax Year 2019
PST-2019-00017	Public Service Companies within Prince William County - Supplemental assessment for taxation of public service company property located within Bull Run Mountain, Lake Jackson, Occoquan Forest Sanitary Districts for the Tax Year 2019
PST-2019-00018	iGo Technology, Inc. - Supplemental assessment order for Tax Year 2019
PST-2019-00019	MCI Communications Services, Inc. - Supplemental assessment order for Tax Year 2019
PST-2019-00020	Citizens Telephone Cooperative - Supplemental assessment order for Tax Year 2019
PST-2019-00021	iGo Technology, Inc. - Supplemental assessment order for Tax Year 2019
PST-2019-00022	Verizon Virginia LLC - Supplemental assessment for Tax Year 2019
PST-2019-00023	Academy Express, LLC - Supplemental Assessment for Tax Years 2016, 2017, 2018, and 2019

PUR **PUBLIC UTILITY REGULATION**

PUR-2018-00171	BidURenergy, Inc. - Application for a License to Conduct Business as a Competitive Service Provider as a Natural Gas and Electric Broker
PUR-2018-00185	Application of ExteNet Asset Entity, LLC and ExteNet Systems (Virginia) LLC for Approval for Assignee to Acquire the Customers and Certain Assets of Assignor
PUR-2019-00001	Joint Petition of Peoples Mutual Telephone Company, RiverStreet Management Services, LLC and RiverStreet Communications of Virginia, Inc. for Approval of Debt Financing Arrangements
PUR-2019-00002	SDC Summit Holdings, LLC, Summit Infrastructure Group, LLC, SummitIG, LLC and Summit Infrastructure Group, Inc. - Joint Petition for approval of the transfer of control of Summit Infrastructure Group LLC and SummitIG, LLC
PUR-2019-00003	Virginia Electric and Power Company - Application for amended authority to participate in a $6 billion revolving credit facility
PUR-2019-00004	BARC Electric Cooperative - Petition for authority to issue debt pursuant to Chapter 3 of Title 56 of the Code of Virginia
PUR-2019-00005	MGW Telephone Company, Inc. and Level 3 Communications, LLC - Interconnection Agreement between MGW Telephone Company, Inc. & Level 3 Communications, LLC are being filed for SCC approval in accordance with § 252 (e) of Telecommunications Act of 1996
PUR-2019-00006	BCM One, Inc. & BCM One Group Holdings, Inc. - Joint Application for Approval of the Proposed Transfer of Control of BCM One, Inc. to BCM One Group Holdings, Inc. Pursuant to Virginia Code § 56-88 *et seq.*
PUR-2019-00007	Eco-Energy Natural Gas, LLC - Application for a license to conduct business as a competitive service provider of natural gas in the Commonwealth of Virginia
PUR-2019-00008	Virginia Electric and Power Company d/b/a Dominion Energy Virginia & Southside Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act

PUR-2019-00009	Virginia Natural Gas, Inc. and AGL Services Company - Application for Approval of a Fourth Revised Services Agreement
PUR-2019-00010	Atmos Energy Corporation - Request to delay filing of 2018 AIF
PUR-2019-00011	Appalachian Natural Gas Distribution Company - Application for approval of a SAVE Plan and Rider as provided by Chapter 26 of Title 56 of the Code of Virginia
PUR-2019-00012	Roanoke Gas Company - Motion for Partial Waiver to Delay Filing and for Expedited Consideration
PUR-2019-00013	Virginia Natural Gas, Inc. - Motion for a Waiver of Requirement to File an Annual Informational Filing for 2018 and Schedule 36
PUR-2019-00014	Virginia Electric and Power Company d/b/a Dominion Energy Virginia and Central Virginia Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act
PUR-2019-00015	Virginia Electric and Power Company d/b/a/ Dominion Energy Virginia & BARC Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act
PUR-2019-00016	Virginia Electric and Power Co. - Approval to Modify Experimental Companion Tariff, Designated Schedule RF
PUR-2019-00017	Central Virginia Electric Cooperative and Central Virginia Services, Inc. - Joint Application for approval pursuant to Title 56, Chapter 3 and Chapter 4 of the Virginia Code and $250 check for filing fee
PUR-2019-00019	Olympus Holdings II, LLC and AP VIII Olympus VoteCo, LLC - Joint Application to Authorize the transfer of Control of West Safety Communications of Virginia Inc. and West Telecom Services LLC
PUR-2019-00020	Sunesys of Virginia, Inc. - Request to Cancel Certificates of Public Convenience and Necessity
PUR-2019-00021	InSITE Fiber of Virginia LLC - Request to Cancel Certificates of Public Convenience and Necessity
PUR-2019-00022	24/7 Mid-Atlantic Network of Virginia LLC - Request to Cancel Certificates of Public Convenience and Necessity
PUR-2019-00023	Crown Castle NG Atlantic LLC - Request to Cancel Certificates of Public Convenience and Necessity
PUR-2019-00024	NewPath Networks, LLC - Request to Cancel Certificates of Public Convenience and Necessity
PUR-2019-00025	Cox Communications, Inc. - Petition for permission to aggregate its demand pursuant to § 56-577 A 4 of the Code of Virginia
PUR-2019-00026	Toll Road Investors Partnership II, L.P. - Application for an increase in tolls pursuant to § 56-542 I of the Virginia Code
PUR-2019-00027	NGA 911, L.L.C. - Application for Certificates of Public Convenience and Necessity to Provide Facilities-Based and Resold Competitive Local Exchange and Interexchange Services in the Commonwealth of Virginia
PUR-2019-00028	Appalachian Power Company - Petition for approval of an Affiliate Transaction and Request for Expedited Consideration
PUR-2019-00029	Kentucky Utilities Company d/b/a Old Dominion Power Company - Application to revise its fuel factor pursuant to § 56-249.6 of Title 56 of the Code of Virginia
PUR-2019-00030	Paramont Contura, LLC - Application to aggregate electric energy demand to become qualified to consider purchasing electric energy on a competitive basis
PUR-2019-00031	Virginia Electric and Power Company d/b/a Dominion Energy Virginia & Rappahannock Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act
PUR-2019-00032	Columbia Gas of Virginia, Inc. - Petition for Partial Waiver of the Requirements to file an Annual Information Filing for 2018
PUR-2019-00033	Atmos Energy Corporation and Atmos Energy Holdings, Inc. - For Authority to lend and borrow Short-Term Funds to and from its Affiliate Pursuant to Title 56, Chapter 4 of the Virginia Code
PUR-2019-00034	Virginia Electric and Power Company - Application for Approval of a Services Agreement Under Chapter 4 of Title 56 of the Code of Virginia
PUR-2019-00035	DSCI Corporation of Virginia Inc. - Request to cancel Certificate of Public Convenience and Necessity
PUR-2019-00037	Virginia Electric and Power Company - Application for approval to establish Rate Schedule, Designated Rate Schedule 24, pursuant to § 56-234 A of the Code of Virginia
PUR-2019-00038	Appalachian Power Company - For approval of rate adjustment clause pursuant to 20 VAC 5-201 10 A for costs related to company's Dresden generating facility
PUR-2019-00039	Virginia Natural Gas, Inc. - Application for approval of its 2019 annual update of Rate Schedule PT-1
PUR-2019-00040	Virginia Electric and Power Company - For approval and certification of electric facilities: Potomac Yards Undergrounding and Glebe GIS Conversion
PUR-2019-00042	NRG Kiosk LLC dba Power Kiosk LLC - Application for a license to conduct business as a competitive service provider
PUR-2019-00043	Verizon Virginia LLC and CSC Wireless, LLC - Interconnection Agreement between Verizon Virginia, LLC f/k/a Verizon Virginia, Inc. and CSC Wireless, LLC d/b/a Altice Mobile under § 252E of the Telecommunications Act of 1996
PUR-2019-00044	Virginia Electric & Power Co., Dominion Energy, Inc., & Dominion Energy Services, Inc. - For exemption from approval of, or alternatively for approval of, retail service agreements under Chapter 4, Title 56 of the VA Code
PUR-2019-00045	Washington Gas Light Company - Petition for a Partial Waiver of the Filing Requirement
PUR-2019-00046	Virginia Electric and Power Company - For revision of a rate adjustment clause: Rider U, new underground distribution facilities, for the Rate Year Commencing February 1, 2020
PUR-2019-00047	Old Dominion Electric Cooperative - Ex Parte: In the matter of motion requesting the State Corporation Commission to join Old Dominion Electric Cooperative and its member cooperatives in a petition to the Federal Energy Regulatory Commission
PUR-2019-00048	Appalachian Power Company - Petition for approval of the transfer of distribution facilities pursuant to the Utility Transfers Act, § 56-88 *et seq.* of the Code of Virginia
PUR-2019-00049	Virginia Electric and Power Company for Approval and Certification of Electric Facilities Mt. Storm - Valley Line #550 500 kV Transmission Line Rebuild
PUR-2019-00050	Virginia Electric and Power Company - For determination of the fair rate of return on common equity pursuant to VA Code § 56-585.1:1 C
PUR-2019-00051	Northern Virginia Electric Cooperative and NOVEC Solutions, Inc. - Application for approval of affiliate arrangements
PUR-2019-00052	Virginia Electric and Power Company and The Allegheny Generating Company - Petition for authority to transfer utility assets to and for certification of the facilities
PUR-2019-00053	Central Telephone Company of Virginia, LLC and United Telephone Southeast, LLC d/b/a CenturyLink and PEG Bandwidth VA, LLC - Interconnection Agreement
PUR-2019-00054	Atmos Energy Corporation - Application for approval of a SAVE Plan and Rider as provided by Chapter 26 of Title 56 of the Code of Virginia

PUR-2019-00055	Washington Gas Light Company - Application for Approval of Affiliate Service Agreements
PUR-2019-00056	Appalachian Power Company - For approval of Rate Adjustment Clause pursuant to VA Code § 56-585.1 A 5 - Renewable Portfolio Stand Program Rate Adjustment Clause (RPS-RAC)
PUR-2019-00057	Kentucky Utilities Company d/b/a Old Dominion Power Company, LG&E and KU Energy LLC, *et al.* - Verified Joint Application for Authority to Engage in Affiliate Transactions
PUR-2019-00058	Appalachian Power Company's - Integrated Resource Plan filing for 2019 pursuant to Va. Code § 56-597 *et seq.*
PUR-2019-00059	North American Numbering Plan Administrator on behalf of the Virginia Telecommunications Industry - Application in the matter of the Commission's Investigation into Exhaust Relief for the 757 Area Code
PUR-2019-00060	Kentucky Utilities Company d/b/a Old Dominion Power Company - For an adjustment of electric base rates
PUR-2019-00061	Virginia Natural Gas, Inc. - Application for approval to amend SAVE Plan and Rider as provided by Chapter 26 of Title 56 of the Code of Virginia
PUR-2019-00062	East Coast Transport, Inc., Tenaska, Inc., Tenaska Virginia Partners, L.P. and Tenaska Operations, Inc. - Application for approval of arrangements between affiliates pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUR-2019-00063	Appalachian Natural Gas Distribution and Cardinal Natural Gas Company - For Approval to enter into affiliate agreements to provide and receive corporate and operational services under Chapter 4, Title 56 of the Code of Virginia
PUR-2019-00064	Appalachian Power Company and Kentucky Power Company - Application for approval of affiliate transactions pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUR-2019-00065	Appalachian Power Company and Southwestern Electric Power Company - For approval of an affiliate transaction pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUR-2019-00066	Virginia Electric and Power Company d/b/a Dominion Energy Virginia and Southside Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act
PUR-2019-00067	Appalachian Power Company - Petition for approval to implement a voluntary schedule for owners of Personal Electric Vehicles
PUR-2019-00068	Virginia Natural Gas, Inc. & Pivotal Propane of Virginia, Inc. - Application to continue the approved Propane Sales Agreement
PUR-2019-00069	Virginia Electric and Power Company - For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia
PUR-2019-00070	Virginia Electric and Power Company - To revise its fuel factor pursuant to VA Code § 56-249.6
PUR-2019-00071	Massanutten Public Service Corporation - Annual Information Filing
PUR-2019-00072	Cox Virginia Telcom, L.L.C. - Application for Relinquishing its Designation as an Eligible Telecommunications Carrier Provider Pursuant to 47 U.S.C. § 214 (e)
PUR-2019-00073	Skipjack Solar Center LLC*, et al.* - Joint Application for Certificates of Public Convenience and Necessity for solar generating facilities totaling up to 320 MWac in Charles City County, Virginia
PUR-2019-00074	Network Billing Systems, L.L.C. - For cancellation and issuance of new certificate to provide local exchange telecommunication services to reflect a company name change
PUR-2019-00076	Craig Botetourt Electric Cooperative - For authority to incur debt
PUR-2019-00078	Virginia Electric and Power Company d/b/a Dominion Virginia Power - For Approval and Certification of Electric Facilities Suffolk-Swamp 230 kV Transmission Line #247 Virginia Rebuild Project
PUR-2019-00079	Appalachian Power Company and Ohio Power Company - Application for approval of an affiliate transaction pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUR-2019-00080	Roanoke Gas Company - Application of Roanoke Gas Company for modification to its SAVE Plan and Rider And to implement a 2020 SAVE Projected Factor Rate and True-Up Factor Rate
PUR-2019-00081	Virginia Electric and Power Company - For approval of a voluntary renewable energy rate, designated Rider REC, pursuant to § 56-234 A of the Code of Virginia
PUR-2019-00083	Virginia Electric and Power Company - for Authority to Issue $8.0 Billion in Debt and Preferred Securities and to Establish Trust Financing Facilities Pursuant to Chapter 3 and Chapter 4 of Title 56 of the Code of Virginia of 1950, as amended
PUR-2019-00084	Tilson Technology Management, Inc., *et al.* - Approval of the Transfer of Control of SQF, LLC to SDC Tilson Investor, LLC
PUR-2019-00085	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell, and Southampton Power Stations, for the Rate Year commencing April 1, 2020
PUR-2019-00086	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider GV, Greensville County Power Station, for the Rate Year commencing April 1, 2020
PUR-2019-00087	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider R, Bear Garden Generating Station, for the Rate Year commencing April 1, 2020
PUR-2019-00088	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center, for the Rate Year commencing April 1, 2020
PUR-2019-00089	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider W, Warren County Power Station, for the Rate Year commencing April 1, 2020
PUR-2019-00090	Southside Electric Cooperative - General Rate Request
PUR-2019-00091	The Bedford Regional Water Authority and Mariners Landing Water & Sewer Company, Inc. – for approval of transfer of a public utility
PUR-2019-00092	Telco Pros Inc. d/b/a TPI Efficiency - Application for an Electricity Aggregator License and Natural Gas Aggregator License
PUR-2019-00093	Virginia Electric and Power Company & Dominion Energy South Carolina, Inc. - Application for Approval of a Revised Services Agreement Under Chapter 4 of Title 56 of the Code of Virginia
PUR-2019-00094	Virginia Electric and Power Company - For approval of a 100 percent renewable energy tariff, designated Rider TRG, pursuant to Virginia Code §§ 56-577 A 5, *et al.*
PUR-2019-00095	Virginia Natural Gas, Inc. - Application for approval of 2019 SAVE Rider Update
PUR-2019-00097	Aqua Virginia, Inc. - Petition for Waiver to file AIF

PUR-2019-00100	Roanoke Gas Company - For authority to issue up to $100 million of long-term securities and up to $40 million in short-term debt pursuant to VA Code §§ 56-55, *et al.*
PUR-2019-00101	Cbeyond Communications LLC - Application for amended certificate to reflect new Company Name Change
PUR-2019-00103	Roanoke Gas Company - Motion for Interim Authority to Continue to Participate in Approved Affiliates Arrangement
PUR-2019-00104	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider US-3, Colonial Trail West and Spring Grove 1 Solar Projects, for the rate year commencing June 1, 2020
PUR-2019-00105	Virginia Electric and Power Company - For approval and certification of the proposed US-4 Solar Project pursuant to VA Code §§ 56-580 D, *et al.,* and for approval of a rate adjustment clause, designated Rider US-4, under VA Code § 56-585.1 A 6
PUR-2019-00106	Virginia Electric & Power Company & Atlantic Coast Pipeline, LLC - Application for Approval of a Water Withdrawal Agreement Pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUR-2019-00107	Foxhound Solar, LLC - For approval and certification of electrical facilities associated with a small renewable (solar) energy project
PUR-2019-00108	CSD Energy Advisors, LLC - Application for a License to Conduct Business as an Electricity and Natural Gas Broker and $250 check for filing fee
PUR-2019-00109	Rappahannock Electric Cooperative - For authority to incur debt
PUR-2019-00110	Zayo Group Holdings, Inc., Zayo Group, LLC, Front Range TopCo, Inc., and Front Range BidCo., Inc. - Joint Petition for Approval of the Transfer of Indirect Control of Zayo Group, LLC to Front Range TopCo, Inc., pursuant to Va. Code § 56-88 *et seq.*
PUR-2019-00111	Appalachian Power Company - Petition for approval to implement the FRR Open Access Distribution Service Tariff
PUR-2019-00112	Muirfield Energy, Inc. - Application for a license to conduct business as a competitive service provider
PUR-2019-00113	Lumos Telephone of Botetourt Inc. and Teleport Communications America (TCA) - Network Interconnection Agreement
PUR-2019-00114	Lumos Telephone Inc. and Teleport Communications American (TCA) - Network Interconnection Agreement
PUR-2019-00115	Integrity Energy, LTD. - Application to become a licensed aggregator
PUR-2019-00116	Early Bird Power LLC - For license as a competitive service provider
PUR-2019-00117	Virginia Electric and Power Company - Petition for Declaratory Judgment
PUR-2019-00118	Virginia Electric and Power Company - Petition for Declaratory Judgment for Calpine Energy
PUR-2019-00119	In the matter of amending regulations governing net energy metering
PUR-2019-00120	Mecklenburg Electric Cooperative - For authority to incur debt
PUR-2019-00121	Kentucky Utilities Company d/b/a Old Dominion Power Company - Application for an Order Authorizing the Issuance of Securities and the Assumption of Obligations and To Engage in an Affiliate Transaction Under Chapter 4 of Title 56 of the Code of Virginia
PUR-2019-00122	Appalachian Power Company - Approval of updated EE-RAC pursuant to VA Code § 56-585.1 A 5 c
PUR-2019-00123	Drift Marketplace, Inc. - Application for a license to do business as a competitive service provider of electric supply service pursuant to Va. Code § 56-587 and 20 VAC 5-312-40
PUR-2019-00124	Virginia Electric & Power Company - For approval to participate in the pilot program for electric power storage batteries pursuant to VA Code § 56-585.1:6, and for certification of proposed battery energy storage system pursuant to VA Code § 56-580 D
PUR-2019-00125	Electric Advisors, Inc. - Application to provide Energy Brokerage services for Electricity in the State of Virginia
PUR-2019-00126	Mitel Cloud Services Inc. - Request to Surrender Certification of Public Convenience and Necessity and Withdraw Tariffs
PUR-2019-00127	Access Point of Virginia Inc. - Petition requesting for cancellation of authority to provide telecommunications services within the State of Virginia
PUR-2019-00128	Virginia Electric and Power Company - For approval of electric facilities: Loudoun-Ox 230 kV Transmission Line Partial Rebuild Projects
PUR-2019-00129	Fusion Connect Inc., Fusion Connect LLC, Fusion Communications, LLC & Telecom Holdings LLC - Joint Application for Consent to a Transaction that will result in a Material Change to Ownership & Control of Fusion Connect LLC & Fusion Communications LLC
PUR-2019-00130	TransparencE Energy Services LLC - Application to become Electric Broker/Aggregator
PUR-2019-00131	Global Telecom Brokers of Virginia Inc. - Formal Petition for Authority to Discontinue Service
PUR-2019-00132	Columbia Gas of Virginia, Inc. - For approval to amend a SAVE Plan pursuant to VA Code § 56-604 & for approval to implement 2020 SAVE Plan Infrastructure Reliability & Replacement Adjustment in accordance with § 20 of its General Terms & Conditions
PUR-2019-00133	Virginia Electric and Power Company - For a prudency determination with respect to the Westmoreland Solar Power Purchase Agreement pursuant to VA Code § 56-585.1:4 F
PUR-2019-00134	Mecklenburg Electric Cooperative - Application for Authority to Guarantee Long Term Indebtedness of Affiliate
PUR-2019-00135	Nordic Energy Services, LLC - Application for License to Conduct Business as a Competitive Natural Gas Service Provider
PUR-2019-00136	Columbia Gas of Virginia, Inc. - Application for Authority to enter into a capital lease
PUR-2019-00137	Application of Virginia Electric and Power Company, Virginia Power Services Energy Corp., INC., and Dominion Energy Fuel Services, INC. - For approval of revised affiliate fuel agreements pursuant to Chapter 4 of Title 56 of the VA Code
PUR-2019-00138	Virginia Electric and Power Co. and Virginia Power Services, LLC - for approval of a revised affiliate agreement pursuant to Chapter 4 of Title 56 of the VA Code
PUR-2019-00139	Washington Gas Light Company - Application for Authority to Receive Cash Capital Contributions from an Affiliate Pursuant to §§ 56-76, *et al.,* of the Code of Virginia
PUR-2019-00140	Washington Gas Light Company - Application for Authority to Issue Long-Term Debt Securities and Short-Term Debt
PUR-2019-00141	Virginia Electric and Power Company - Update to Integrated Resource Plan filing pursuant to VA Code § 56-597 *et seq.*
PUR-2019-00142	Washington Gas Light Company - Application for Approval of the SAVE Rider for Calendar Year 2020
PUR-2019-00143	Columbia Gas of Virginia, Inc. - Application for approval of a Service Agreement between Columbia Gas of Virginia, Inc. and NiSource Corporate Services Company
PUR-2019-00144	United Telephone Southeast, LLC d/b/a CenturyLink and Central Telephone Company of Virginia d/b/a CenturyLink and Vero Fiber Networks, LLC - Interconnection Agreement

PUR-2019-00145	Appalachian Power Company - Petition for Approval of a broadband capacity pilot program pursuant to § 56-585.1:9 of the Code of Virginia
PUR-2019-00146	Prince George Electric Cooperative - Motion for Partial Waiver of Affiliate Requirements
PUR-2019-00148	North American Numbering Plan Administrator on behalf of the Virginia Telecommunications Industry - Application in the matter of the Commission's Investigation into Exhaust Relief for the 540 Area Code
PUR-2019-00149	Tier 1 Fiber LLC - Application for Authority to provide competitive local exchange and interexchange service in Virginia
PUR-2019-00150	SILVER DISTRICT COMMUNICATIONS L.L.C. - Application for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia
PUR-2019-00151	A&N Electric Cooperative - For authority pursuant to Chapter 3 of Title 56 of the Code of Virginia
PUR-2019-00152	Hudson Fiber Network (Virginia) LLC - Application for Certificates of Public Convenience and Necessity to Provide Facilities-Based and Resold Local Exchange and Interexchange Services in the Commonwealth of Virginia
PUR-2019-00153	Virginia Electric and Power Company d/b/a Dominion Energy Virginia & Shenandoah Valley Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act
PUR-2019-00154	Virginia Electric and Power Company - For approval of plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia, and approval of an addition to the terms & condition applicable to electric service
PUR-2019-00155	Appalachian Natural Gas Distribution - Application for expedited approval of an amendment to a special rate contract pursuant to Virginia Code § 56-235.2
PUR-2019-00156	Open Market Energy, LLC - Application for an Aggregator License in the State of Virginia and $250 check for registration fee
PUR-2019-00157	Appalachian Power Company - Application to revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia
PUR-2019-00159	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider US-2, Scott, Whitehouse, and Woodland Solar Power Stations for the Rate Year Commencing September 1, 2020
PUR-2019-00160	Virginia Electric and Power Company - For revision of rate adjustment clause: Rider BW, Brunswick County Power Station, for the Rate Year Commencing September 1, 2020
PUR-2019-00161	Quantum Connect LLC - Application for a Certificate of Public Convenience and Necessity to Provide Facilities-Based and Resold Competitive Local Exchange and Interexchange Services in the Commonwealth of Virginia
PUR-2019-00162	Aspen Energy Corporation - Application for License
PUR-2019-00163	EMPOWER Telecom, Inc. - For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in the Commonwealth of Virginia
PUR-2019-00164	Virginia Electric and Power Company and Dominion Energy South Carolina, Inc. - For exemption from approval of, or alternatively for approval of, participation in RESTORE under Chapter 4 of Title 56 of the Code of Virginia
PUR-2019-00165	National Utilities Refund, LLC - Energy Broker Application
PUR-2019-00166	Shenandoah Cable Television, LLC - Application for Certificate of Public Convenience and Necessity to Provide Facilities-Based and Resold Competitive Local Exchange and Interexchange Services in the Commonwealth of Virginia
PUR-2019-00167	Shentel Communications LLC and Shenandoah Cable Television, LLC - Joint Petition for approval of an Acquisition of Control pursuant to the Utility Transfer Act, Va. Code § 56-88 *et seq.*
PUR-2019-00168	EMPOWER Broadband, Inc., Buggs Island Telephone Cooperative d/b/a Buggs Island Telephone Cooperative and EMPOWER Telecom, Inc. - For approval of the transfer of the telecommunications assets of Buggs Island Telephone Cooperative
PUR-2019-00169	Mecklenburg Electric Cooperative, EMPOWER Broadband, Inc. and EMPOWER Telecom, Inc. - For approval of an amended and restated master services agreement and a new master services agreement pursuant to Chapter 4 of Title 56 of the Code of Virginia
PUR-2019-00171	Bollinger Energy Corporation - Application to become an Electricity Broker/Aggregator in Virginia
PUR-2019-00173	BTU Direct Marketing, LLC - Application to conduct business as a Competitive Service Provider as an electricity broker and natural gas broker in the Commonwealth of Virginia
PUR-2019-00174	Virginia Electric and Power Company and Northern Virginia Electric Cooperative, Inc. - Joint Petition for authority to transfer utility assets to Northern Virginia Electric Cooperative, Inc. pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq.*
PUR-2019-00175	Integrated Energy Services, LLC - Competitive Service provider application
PUR-2019-00176	Virginia American Water Company - Motion to Delay Filing and the Partial Waiver of Filing Requirements for its Annual Informational Filing for the twelve months ended 6/30/19
PUR-2019-00177	Appalachian Power Company - Application Under Title 56, Chapter 3 of the Code of Virginia
PUR-2019-00178	Spartan Renewable Energy Inc. - Application for a license to conduct business as a competitive service provider of energy services in the Commonwealth of Virginia and $250 check for registration fee
PUR-2019-00179	Gamewood Telecom, Inc. - Notice of Corporate Name Change and Application for Amended Certificates
PUR-2019-00180	Southwestern Virginia Gas Company - Annual Informational Filing
PUR-2019-00181	Buggs Island Telephone Cooperative - Application for cancellation of it certificates of public convenience and necessity to provide telecommunications services in the Commonwealth of Virginia
PUR-2019-00182	Ex Parte: In the matter concerning the implementation of a pilot program for municipal net energy metering
PUR-2019-00183	Atmos Energy Corporation and Atmos Energy Holdings, Inc, *et al.* - Application for authority to lend and borrow Short-Term Funds to and from its Affiliate pursuant to Title 56, Chapter 4 of the Virginia Code
PUR-2019-00184	Atmos Energy Corporation - Application for Authority to Incur Short-Term Indebtedness pursuant to Title 56, Chapter 3 of the Virginia Code
PUR-2019-00185	Virginia-American Water Company - Application to Implement a WWISC Rider True-Up Factor
PUR-2019-00186	Mitchell A. Fleisher, M.D. - Formal Complaint against Verizon
PUR-2019-00187	Virginia Electric and Power Company d/b/a Dominion Energy Virginia and Rappahannock Electric Cooperative - For revision of service territory boundary lines under the Utility Facilities Act Certificate Maps N53 and N54
PUR-2019-00188	Lincoln Energy Group LLC - Application for Electricity Aggregator License
PUR-2019-00189	The Legacy Energy Group, LLC - Electric Competitive Service Provider License

PUR-2019-00190	Statistical Energy, LLC - Application to be an Energy Aggregator for Electricity and Natural Gas Commodities in the Commonwealth of Virginia
PUR-2019-00191	Virginia Electric and Power Company - For approval and certification of electric facilities: Evergreen Mills 230 kV Line Loops and Evergreen Mills Switching Station
PUR-2019-00192	Vivacity Networks, LLC - Application for Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the Commonwealth of Virginia
PUR-2019-00194	Virginia Natural Gas, Inc., Southern Company Gas, AGL Services Company and Southern Company Gas Capital Corporation - Application for Authority to Issue Short-Term Debt, Long-Term Debt & Common Stock to an Affiliate under Chapters 3 & 4, Title 56 of Code
PUR-2019-00195	Broker Online Exchange LLC - Application to act as an Electricity and Natural Gas Broker/Aggregator statewide in the Commonwealth of Virginia and $250 check for filing fee
PUR-2019-00196	Albireo Energy LLC - Application to serve as an Energy Aggregator and $250 check for filing fee
PUR-2019-00197	URA, Inc. - Application for License to be a Competitive Service Provider/Aggregator in the Commonwealth of Virginia and $250 check for filing fee
PUR-2019-00198	Reliable Power Alternative Corp. - Electricity Broker/Aggregator License Application
PUR-2019-00199	Dovetail Energy Services, LLC - Application for license to become a Competitive Service Provider of electricity and natural gas in the Commonwealth of Virginia
PUR-2019-00200	Kentucky Utilities Company d/b/a Old Dominion Power Company - Verified Application for Approval of the Proposed Amended and Restated 2019 Cost Allocation Manual
PUR-2019-00201	Virginia Electric and Power Company - For approval of its 2019 DSM Update
PUR-2019-00202	Atmos Energy Corporation - Application for an Order Authorizing the Implementation of a Universal Shelf Registration for Senior Debt Securities and Common Stock
PUR-2019-00203	Insight Sourcing Group LLC - Application to serve as a Competitive Electricity Aggregator in Virginia
PUR-2019-00204	Zentility, Inc. - Electricity and Natural Gas Service Provider Application and $250 check for filing fee
PUR-2019-00205	Virginia Electric and Power Company d/b/a Dominion Energy Virginia and Shenandoah Valley Electric Cooperative - For revision of service territory boundary lines Map I40
PUR-2019-00206	Demorian Linton LLC - Application for a License to Conduct Business as a Competitive Service Provider and $250 check for filing fee
PUR-2019-00207	Virginia Natural Gas - For approval and certification of natural gas facilities: The Header Improvement Project and for approval of Rate Schedules and Terms and Conditions for Pipeline Transportation Service
PUR-2019-00208	RCVA, Inc. - Request to Cancel Certificates of Public Convenience and Necessity
PUR-2019-00209	Aqua Virginia, Inc. - Application for Approval of a Water and Wastewater Infrastructure Service Charge Plan and for Authority to Implement Water and Wastewater WWISC Riders
PUR-2019-00210	EnerConnex, LLC - Application to provide electric and gas aggregation services in Virginia per VA Administrative Code 20VAC5-312-40 with a $250 check as filing fee
PUR-2019-00211	Appalachian Natural Gas Distribution Company, *et al.* - Application for authority under Chapters 3 and 4 of Title 56 of the Code of Virginia
PUR-2019-00212	BARC Electric Cooperative - Petition for Approval to Obtain Financing
PUR-2019-00214	Virginia Electric and Power Company - For approval to establish an experimental residential rate, designated Time-Of-Use Rate Schedule 1G (Experimental)
PUR-2019-00215	Virginia Electric and Power Company - For approval and certification of electric transmission facilities: Lockridge 230 kV Line Loop and Lockridge Substation
PUR-2019-00216	Pilgrim's Pride Corporation - Petition for a Declaratory Judgment
PUR-2019-00217	Rappahannock Electric Cooperative - For approval of a Peak Time Rebate Pilot Program
PUR-2019-00218	Toll Road Investors Partnership II, LP - For authorization for an increase in the maximum levels of tolls
PUR-2019-00219	Ex Parte: In the Matter of Repealing Regulations
PUR-2019-00220	Midwest Energy, Inc. - For license as a CSP
PUR-2019-00221	Aqua America, Inc. and Aqua Virginia Inc. - Joint Petition for Waiver for the Requirements of VA Code § 56-77 A and Extension of an Affiliate Services Agreement
PUR-2019-00226	Common Point, LLC - Request for cancellation of certificate

SEC **DIVISION OF SECURITIES AND RETAIL FRANCHISING**

SEC-2016-00022	Edward Carr, Jr. - Alleged violations of VA Code §§ 13.1-502(2), *et al.*
SEC-2017-00009	Harvest Financial Group, LLC and Kyle Thomas Mills - Alleged violation of VA Code §§ 13.1-502; 13.1-504
SEC-2017-00023	The O.N. Equity Sales Company - Alleged violation of VAC 5-20-260 A, *et al.*
SEC-2017-00035	Nelson (Mike) Mithamo Muriuki - Alleged violation of VA Code §§ 13.1-504 (A), *et al.*
SEC-2018-00006	BEAMSMART IOE INC. f/k/a BeamSmart, Inc. and Mehrad Negahban - Alleged violation of VA Code §§ 13.1-504, *et al.*
SEC-2018-00027	LPL Financial LLC - Multi-jurisdictional Participation Agreement
SEC-2018-00029	UBS Financial Services Inc - Alleged violation of VA Code § 21 VAC 5-20-280 A (3)
SEC-2018-00035	Lombard Advisors - Alleged violation of VA Code § 13.1-504 C
SEC-2018-00038	Moonlighting, LLC - Alleged violation of VA Code § 13.1-507
SEC-2018-00041	Dental Fix RX, LLC and David Lopez - Alleged violation of VA Code § 13.1-563 (2)
SEC-2018-00045	World Trend Financial Planning Services, Ltd - Alleged violation of VAC 21; VAC 5-20-260 D2, *et al.*
SEC-2018-00048	Downunder Horsemanship Franchising, LLC d/b/a Downunder Horsemanship - Alleged violation of VA Code §§ 13.1-560, *et al.*
SEC-2018-00049	Jessica Dawn Heneberry - Petition for Injunctive Relief
SEC-2019-00001	Church of God by Faith Financial Solutions, Inc. - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2019-00002	Mark Maiewski t/a Safe Money Solutions, LLC, - Alleged violation of VA Code § 13.1-502 (2)

SEC-2019-00004	Calvary Chapel Newport News - Qualification Order
SEC-2019-00006	Vickie A. Costello - Alleged violation of VA Code §§ 13.1-504 A, *et al.*
SEC-2019-00009	National Covenant Properties - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2019-00014	Kim Butler - Alleged violation of VA Code §§ 13.1-504 A, *et al.*
SEC-2019-00015	Dennis Drake - Alleged violation of VA Code §§ 13.1-504 A, *et al.*
SEC-2019-00017	Biery, LLC d/b/a Madsen Donuts - Alleged violation of VA Code §§ 13.1-560, *et al.*
SEC-2019-00018	Mission Investment of the Evangelical Lutheran Church in America - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2019-00019	Columbia Union Revolving Fund - For an Order of Exemption under Section 13.1-514.1 B of the Code of Virginia
SEC-2019-00020	Capital Impact Partners - Alleged violation of VA Code § 13.1-510
SEC-2019-00021	The Solomon Foundation - for order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2019-00022	Bobby D. Hines, Jr. - Alleged violation of VA Code §§ 13.1-507, *et al.*
SEC-2019-00024	In Re: Adoption of Securities Rules pursuant to § 13.1-523 of the Virginia Securities Act
SEC-2019-00026	Wilburt Gunter - Alleged violation of VA Code §§ 13.1-504 A, *et al.*
SEC-2019-00027	Hartquist & Noblet, LLC - Alleged violation of VA Code §§ 13.1-504 A, *et al.*
SEC-2019-00029	Jeff Waters - Alleged violation of VA Code §§ 13.1-504 A, 13.1-507
SEC-2019-00031	James A. Jacobs - For imposition of special supervisory procedures as condition of granting license
SEC-2019-00032	Frank Dietrich - Alleged violation of VA Code §§ 13.1-504 A; 13.1-507
SEC-2019-00033	Randy W. Burke - Alleged violation of VA Code §§ 13.1-504 A *et al.*
SEC-2019-00034	James Gilchrist - Alleged violation of VA Code §§ 13.1-504 A, *et al.*
SEC-2019-00036	Richard Fritts - Alleged violation of VA Code §§ 13.1-504 A, *et al.*
SEC-2019-00037	Peter D. Holler - Alleged violation of VA Code §§ 13.1-504 A, *et al.*
SEC-2019-00038	Daryl Allen Cheatham & Lionsgate Investments, Incorporated - Alleged violation of VA Code §§ 13.1-502, *et al.*
SEC-2019-00040	Daryl Blackmon - Alleged violation of VA Code §§ 13.1-504 A, *et al.*
SEC-2019-00041	SuperGlass Windshield Repair, Inc. - Alleged violation of VA Code §§ 13.1-560, *et al.*
SEC-2019-00043	360 Tour Designs & Marketing, LLC - Alleged violation of VA Code §§ 13.1-560, *et al.*
SEC-2019-00045	Lutheran Church Extension Fund - Missouri Synod - For order of exemption pursuant to VA Code § 13.1-514.1 B
SEC-2019-00048	Kaine Theophilus Alozie - Petition for Injunctive Relief
SEC-2019-00049	Slagel Investment Management & Zachary T. Slagel - Alleged violation of 21 VAC 5-80-200 A 1, *et al.*
SEC-2019-00051	Samuel Jacknin, Charles Einsmann & Clear Sky Financial, LLC - Alleged violation of VA Code §§ 13.1-504 (A) (i), *et al.*
SEC-2019-00052	In Re: Promulgation of Securities Franchise Regulations
SEC-2019-00053	Thomas Nariman & Sherry Moaven - Alleged violation of VA Code §§ 13.1-560, *et al.*
SEC-2019-00054	WatersEdge Ministry Services - Alleged violation of VA Code § 13.1-514.1 B
SEC-2019-00055	Iron Valley Real Estate, LLC - Alleged violation of VA Code §§ 13.1-560, *et al.*
SEC-2019-00056	McLawhorn Financial Advisors, Inc. and William L. McLawhorn - Alleged violation of VA Code § 13.1-506 of the Virginia Securities Act; § 13.1-501 *et seq.* of the Code of VA
SEC-2019-00057	Solium Financial Services LLC - Alleged violation of VA Code § 13.1-504 (A) (i)

URS UTILITY AND RAILROAD SAFETY

URS-2018-00237	Greater Virginia Homes - Alleged violation of VA Code § 56-265.27 A
URS-2018-00300	GMW Contracting, Inc. - Alleged violation of VA Code § 56-265. 17 A
URS-2018-00320	Virginia Builder, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2018-00324	Scotts Backhoe Service, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2018-00333	Rock Solid Concepts LLC - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2018-00337	Wyld & Company, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2018-00340	Marines Plumbing LLC - Alleged violation of VA Code § 56-265.24 B
URS-2018-00356	GR Landscaping LLC - Alleged violation of VA Code § 56-265.17 A
URS-2018-00360	EOS Design/Build, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2018-00369	Brightview Landscape Services, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2018-00370	Blue Ridge Remodeling & Construction, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2018-00373	G N Tunnell, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2018-00385	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2018-00386	Garrett Johnson, Inc. - Alleged violation of VA Code §§ 56-265.24 C; 56-265.17 B 1
URS-2018-00395	Aqua Terra - Alleged violation of VA Code § 56-265.18
URS-2018-00398	Colque Construction LLC - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2018-00402	Eastern Concrete Restoration, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2018-00412	SGM Excavating - Alleged violation of VA Code § 56-265.17 A
URS-2018-00417	J & A Concrete Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2018-00420	John Villalobos LLC - Alleged violation of VA Code § 56-265.24 B
URS-2018-00421	McGhee's Concrete, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2018-00428	EOS Design/Build, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2018-00430	A & W Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2018-00432	Pitt Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2018-00434	NOLA Build and Design LLC - Alleged violation of VA Code § 56-265.17 A
URS-2018-00436	Kevcor Contracting Corporation - Alleged violation of VA Code § 56-265.24 A
URS-2018-00437	Sigora Solar LLC - Alleged violation of VA Code § 56-265.17 B. 2
URS-2018-00441	Fencing Unlimited, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2018-00444	Breeden Mechanical, Inc. - Alleged violation of VA Code § 56-265.24 A

URS-2018-00445 Coleman and Novak, Inc. - Alleged violation of VA Code §§ 56-265.17 B. 1, *et al.*
URS-2018-00452 New Design Stone Company, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2018-00454 M.M. Gunter & Son Incorporated - Alleged violation of VA Code § 56-265.24 A
URS-2018-00456 T-N-T Carports, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2018-00469 JC Plumbing Enterprise LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2018-00470 Ellis Construction, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2018-00481 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
URS-2018-00482 Nick Cary d/b/a Action Contracting, LLC d/b/a/ Abacus Construction - Alleged violation of VA code § 56-265.17 A
URS-2018-00483 Akers Enterprises - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2018-00489 J. L. Bishop Contractor, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2018-00490 Lambert's Cable Splicing Company, LLC - Alleged violation of VA Code § 56-265.24 B
URS-2018-00494 Taylor-Made Construction, L.L.C. - Alleged violation of VA Code § 56-265.17 A
URS-2018-00500 Locker Construction, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2018-00507 Jamill Andrews d/b/a Mills Concrete - Alleged violation of VA Code § 56-265.17 A
URS-2018-00509 S. J. Conner and Sons, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2018-00510 Jennings Construction Services, Inc. - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2018-00513 Interstate Enterprises, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2018-00514 Greenville Landscaping - Alleged violation of VA Code § 56-265.17 B. 1
URS-2018-00519 Empire Salvage & Recycling, Inc. - Alleged violation of VA Code § 56-265.17 B 1
URS-2018-00522 Utiliquest, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2018-00524 Blue Ridge Stump Grinding - Alleged violation of VA Code § 56-265.17 A
URS-2018-00527 Down Below, LLC - Alleged violation of VA Code § 56-265.24 C
URS-2018-00533 A-1 Plumbing Companies, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2018-00534 McCalllum Testing Laboratories, Inc. - Alleged violation of VA Code § 56-265.17 D
URS-2018-00536 Multitec LLC - Alleged violation of VA Code § 56-265.24 C
URS-2018-00541 Utilities Unlimited, L.L.C. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (3)
URS-2018-00546 Smoot Landscapes, L.L.C. - Alleged violation of VA Code § 56-265.18
URS-2018-00547 Virginia Carolina Pipeline Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2018-00548 W. E. Curling Pipeline, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2018-00552 Lightwave Services - Alleged violation of VA Code §§ 56-265.17 A; 56-265.24 A
URS-2018-00554 Isle of Wight Plumbing Service - Alleged violation of VA Code § 56-265.17 A
URS-2018-00556 S&N Locating Services, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2018-00558 C. W. Wright Construction Company, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2018-00559 Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
URS-2018-00560 Anglers LLC - Alleged violation of VA Code §§ 56-265.24 C, *et al.*
URS-2018-00561 Boring Contractors, Inc. - Alleged violation of VA Code §§ 56-265.17 D; 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2018-00562 Hammond-Mitchell, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (3)
URS-2018-00563 Lamberts Cable Splicing Company, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2018-00564 Washington Gas Light Company - Alleged violation of 49 C.F.R. §§ 192.199 e, *et al.*
URS-2019-00001 AmeriGas Propane, Inc. - Alleged violation of 49 C.F.R. §§ 192.199 e, *et al.*
URS-2019-00002 Columbia Gas of Virginia, Inc. - Alleged violation of 49 C.F.R. §§ 192.199 e, *et al.*
URS-2019-00003 Garcia Cable, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00004 Primoris T&D Services, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00005 Plumbright Plumbing, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00006 MKC Group, Inc. - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2019-00007 R. W. Martin Custom Building and Design, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00008 Sturt Footing & Masonry, Co., Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00009 Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2019-00010 Virginia Natural Gas, Inc. - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2019-00011 T. A. Sheets General Contractors, Inc. - Alleged violation of VA Code §§ 56-265.24 B, *et al.*
URS-2019-00013 Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2019-00014 Total Development Solutions, L.L.C. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00015 The Stevens Construction Corporation - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00016 Site Improvement Associates, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00017 Ross & Sons Utility Contractor, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00018 Park Fairfax Condominium - Alleged violation of VA Code § 56-265.17 A
URS-2019-00019 Plumbing Tech 757 - Alleged violation of VA Code § 56-265.17 A
URS-2019-00020 General Excavation, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2019-00021 Ocean Masonry, Inc. - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2019-00022 N.I. Home Designs - Alleged violation of VA Code § 56-265.17 A
URS-2019-00023 Michael & Son Services, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00024 H.T. Bowling, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2019-00025 Genesis Utility Communications, Inc. - Alleged violation of VA Code § 56-265.24
URS-2019-00026 A Team Construction - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00027 Canter Power Systems, LLC - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2019-00028 Good Odd Jobs, LLC t/a Craftsman Fencing - Alleged violation of VA Code § 56-265.24 B
URS-2019-00030 MasTec Advanced Technologies - Alleged violation of VA Code § 56-265.17 A
URS-2019-00031 Urban Construction - Alleged violation of VA Code § 56-265.24 A
URS-2019-00032 Terra Nova Construction LLC - Alleged violation of VA Code § 56-265.17 A

URS-2019-00033	S. B. Cox, Incorporated - Alleged violation of VA Code § 56-265.17 B 1
URS-2019-00034	Snipes Concrete and Hauling, LLC - Alleged violation of VA Code §§ 56-265.174 A, *et al.*
URS-2019-00036	S&N Locating Services, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2019-00037	Iron Horse Infrastructure LLC - Alleged violation of VA Code § 56-265.24 A
URS-2019-00038	Mike Berger, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2019-00039	Piedmont Electrical Company - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2019-00040	Mastec North America, Inc. - Alleged violation of VA Code §§ 56-265.24 C, *et al.*
URS-2019-00041	Mastec North America, Inc. - Alleged violation of VA Code §§ 56-265.24 B, *et al.*
URS-2019-00043	Toll Landscape, L.L.C. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00044	Varney, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00045	Woodlawn Construction Company, Inc. - Alleged violation of VA Code § 56-265.24 C
URS-2019-00046	Pro-Pave Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2019-00047	Credle Concrete, Inc. - Alleged violation of VA Code § 56-265.24 C
URS-2019-00048	Centerpoint Construction Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00050	Eurolawn, Gardens & Landscapes Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2019-00051	Hernandez Plumbing, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2019-00052	Cardinal Multi Services, LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00053	Blackwater Hardscaping and Landscaping, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2019-00054	ACECO, L.L.C. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00055	Spark Construction LLC - Alleged violation of VA Code § 56-265.17 B. 2
URS-2019-00057	Smith and Keene Electric Service, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2019-00058	Atlas Plumbing, LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (3)
URS-2019-00059	Watts Concrete - Alleged violation of VA Code § 56-265.17 A
URS-2019-00060	EGGC LLC - Alleged violation of VA Code § 56-265.24 A
URS-2019-00061	Michels Corporation - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-150 (8)
URS-2019-00063	Globalinx data center, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2019-00064	Helios Rising Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2019-00065	Jennings Landscape Contracting, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00066	Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
URS-2019-00067	Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
URS-2019-00068	Corinthian Contractors Inc. - Alleged violation of VA Code §§ 56-265.17 D, *et al.*
URS-2019-00069	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2019-00070	Southeast Connections LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-208-140 (4)
URS-2019-00071	Utiliquest, LLC - Alleged violations of VA Code §§ 56-265.19 A, *et al.*
URS-2019-00072	Independence Landscape and Lawncare, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2019-00073	Greenbridge Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00074	Garney Construction - Alleged violation of VA Code § 56-265.24 B
URS-2019-00075	Possie B. Chenault, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00076	Kage Sitework LLC - Alleged violation of VA Code § 56-265.24 A
URS-2019-00077	ECM Corporation - Alleged violation of VA Code § 56-265.17 A
URS-2019-00078	W. E. Bowers & Associates, Inc. - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2019-00079	Schuster Concrete Construction - Alleged violation of VA Code § 56-265.17 A
URS-2019-00080	Cherry Hill Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00081	Dun Rite, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00083	Botanical Decorators, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00084	Scango Consulting LLC t/a Capitol Hardscapes - Alleged violation of VA Code § 56-265.17 B 2
URS-2019-00086	Ruppert Landscape - Alleged violation of VA Code § 56-265.17 A
URS-2019-00090	Construction Marketing, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2019-00092	C.E.H. Concrete & Son, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00093	Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2019-00094	Leipertz Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00096	JCB Construction Co., Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00097	J. L. Kent & Sons, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00098	Hambleton's Construction, LLC - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2019-00099	Weaver Works, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00100	Shrader's Precision Plumbing, Heating & Cooling, L.L.C. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00101	Unlimited Electrical Contracting, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00102	PCI Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00103	Peters and White Construction Company - Alleged violation of VA Code § 56-265.24 A
URS-2019-00104	Reames & Moyer, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00105	S.J.M. Construction Concrete Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00106	A. G. Dillard, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4); 20 VAC 5-309-200
URS-2019-00107	B & D Excavating Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (3)
URS-2019-00108	Dependable Construction & Remodeling - Alleged violation of VA Code § 56-265.17 A
URS-2019-00109	E. E. Lyons Const. Co. Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00110	Geronimo Construction, Inc. - Alleged violation of VA Code § 56-265.17 A; 20 VAC 5-309-200
URS-2019-00111	King General Contractors, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00113	Stake Center Locating, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2019-00114	T. A. Sheets General Contractors, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)

URS-2019-00115	Innerview, Ltd. - Alleged violation of VA Code §§ 56-265.24 B, *et al.*
URS-2019-00116	Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2019-00117	Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
URS-2019-00118	Heath Consultants Incorporated - Alleged violation of VA Code § 56-265.19 A
URS-2019-00119	Hill Electrical, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00120	Alcoa Concrete & Masonry, Inc. - Alleged violation of VA Code § 56-265.24 C
URS-2019-00122	Lamberts Cable Splicing Company, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00123	Mastec North America, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00124	Chesapeake Fence & Awning Co., Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00125	Counts & Dobyns, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2019-00126	Caterpillar Tree and Landscape Service - Alleged violation of VA Code § 56-265.17 A
URS-2019-00127	Basic Construction Company, L.L.C. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00128	A-1 American Services, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00129	Advanced Septic & Sewer, Incorporated - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00130	Nichols Construction, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00131	Modern Mechanical, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00132	Liquid, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00133	Lewis Aquatech Pool Supply, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00134	LCS Site Services, LLC - Alleged violation of VA Code § 56-265.24 C
URS-2019-00135	K & M Electrical Services, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00136	J & M of Northern Virginia, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00137	Historic Restoration Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00138	English Construction Company, Incorporated - Alleged violation of VA Code § 56-265.24 B
URS-2019-00139	Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00140	The Fishel Company - Alleged violation of VA Code § 56-265.18
URS-2019-00141	Scoggins Excavating Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00145	Whitman Development Group LLC - Alleged violation of VA Code § 56-265.24 A
URS-2019-00146	WoodLand Builders, LLC - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2019-00147	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2019-00148	New Technologies Construction, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00149	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2019-00150	JCB Construction Co., Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00151	Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2019-00152	Benchmark Utility Services LLC - Alleged violation of VA Code § 56-265.24 C
URS-2019-00153	Bissette Construction Corporation - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00154	Bury-It Underground Utility Contractos Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00155	Dirt Movers Excavation, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00156	Cooper & Claiborne Construction, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (3)
URS-2019-00157	CNJ Construction, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2019-00158	Casper Colosimo & Son, Inc. - Alleged violation of VA Code § 56-265.17; 20 VAC 5-309-180
URS-2019-00159	Cable Protection Services, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2019-00160	Capitol Services Plumbing, Heating & A/C Co. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00161	Integrity Landscaping Solutions, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00162	Joe Bandy & Son, Inc. - Alleged violation of VA Code §§ 56-265.18; 56-265.24 A; 20 VAC 5-309-180
URS-2019-00163	Eastern Mechanical Corporation t/a Just Pluming! - Alleged violation of VA Code § 56-265.24 A
URS-2019-00164	Hambleton's Lawn Care, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00165	General Excavation, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00167	Norton Painting & Home Improvement - Alleged violation of VA Code § 56-265.17 A
URS-2019-00168	NPL Construction Co. - Alleged violation of VA Code § 56-265.24 C
URS-2019-00169	Infrasource Construction, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2019-00170	Washington Gas Light Company - Alleged violation of 49 C.F.R. §§ 192.199 (e), *et al.*
URS-2019-00171	Appalachian Power Company - Alleged violation of VA Code § 56-265.24 C
URS-2019-00172	Benchmark VA LLC Subsurface Utility Services - Alleged violation of VA Code § 56-265.19 A
URS-2019-00173	C&N Construction, LLC - Alleged Violation of VA Code § 56-265.17 A
URS-2019-00174	Criner Septic LLC - Alleged Violation of VA Code § 56-264.17 A
URS-2019-00175	Green Thumb Landscaping & Hardscaping, LLC - Alleged violation of VA Code § 56-265.24 B
URS-2019-00176	Indian Creek Hardscaping, Inc. - Alleged violation of VA Code § 56-265.17
URS-2019-00177	AMC Enterprises, L.L.C. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00178	A & M Septic Service, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2019-00179	B & H Concrete Construction Corporation - Alleged violation of VA Code §§ 56-265.24 B, *et al.*
URS-2019-00180	Bridgeman Civil, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00181	Casper Colosimo & Son, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00185	Indus Road & Bridge Inc. - Alleged violation of VA Code § 56-265.17 B 1
URS-2019-00187	Total Development Solutions, L.L.C. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00189	Kent Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00190	Structural Repair & Renovations, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00191	Superior Plumbing, Heating & Air, Inc. - Alleged violation of VA Code §§ 56-265.17 B 1, *et al.*
URS-2019-00192	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2019-00193	Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A

URS-2019-00194	Wayjo, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00195	Lakeside Concrete Enterprises, Inc. - Alleged Violation of VA Code §§ 56-265.17 A; 56-265.24 D; 56.265.24 E; 20 VAC 5-309-200, *et al.*
URS-2019-00196	National Turf, Inc. t/a National Turf Irrigation - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00197	Padrino Construction, Inc. - Alleged violation of VA Code §§ 56-265.17A; 56-265.24A; 20 VAC 5-309-140 (4)
URS-2019-00198	AIA Green Solutions LLC - Alleged violations of VA Code § 56-265.17 A
URS-2019-00199	Possie B. Chenault, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00200	Atkins Excavating, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00201	Primoris T&D Services, LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00202	Ardent Company, LLC - Alleged violation of VA Code § 56-265.24 C
URS-2019-00203	Roanoke Gas Company - Alleged violation of VA code §§ 56-265.19 A, *et al.*
URS-2019-00205	Stake Center Locating, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2019-00207	B & D Excavating Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2019-00208	Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24A; 20 VAC 5-309-140 (3)
URS-2019-00210	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2019-00211	Washington Gas Light - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2019-00213	Excel Paving Corporation - Alleged violation of VA Code §§ 56-265.18, *et al.*
URS-2019-00215	Finley Asphalt & Sealing, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00216	General Excavation, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2019-00218	Hughes Construction - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2019-00219	Jose Pimenta Construction Co. - Alleged violation of VA Code § 56-265.17 B 1
URS-2019-00220	JWB Contractors, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2019-00221	LCS Site Services, LLC - Alleged Violation of VA Code § 56-265.24 B
URS-2019-00222	McCarthy Services - Alleged violation of VA Code § 56-265.17 A
URS-2019-00223	Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00225	Pipecon, Inc. - Alleged violation of VA Code §§ 56-265.17 D; 56-265.24 A; 20 VAC 5-309-140 (4); 20 VAC 5-309-200
URS-2019-00227	Rock Hard Excavating, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2019-00228	Terminix Company, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2019-00233	Dominion Waterproofing & Construction Services, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00235	Nansemond Contractors, Inc. - Alleged violation of VA Code §§ 56-265.17 D; 56-265.24 A
URS-2019-00237	A & M Concrete Corp. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00239	Atlantic Foundations, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00240	Cassidy's Plumbing Co. Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00241	Armor Fence, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2019-00242	Dorey Electric Company - Alleged violation of VA Code § 56-265.24 B; 20 VAC 5-309-180
URS-2019-00243	Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2019-00244	Continental Plumbing - Alleged violation of VA Code § 56-265.24 A
URS-2019-00245	C.D. Hall Construction, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00246	The DaviShar Group, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00247	Verizon Virginia LLC - Alleged violation of VA Code § 56-265.19 A
URS-2019-00251	Hercules Fence Company, Inc. - Alleged violation of VA Code § 56-265.24 C
URS-2019-00253	Well Built Construction LLC - Alleged violation of VA Code §§ 56-265.17 D, *et al.*
URS-2019-00254	Walsh Electric Co., Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00255	Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2019-00256	Gildersleeve Geothermal, Heating & Cooling and Well Drilling - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00258	Mason's Landscaping & Grounds Maintenance, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00259	MIB Tree Service - Alleged violation of VA Code § 56-265.17 A
URS-2019-00261	Randy Hostetter Excavating, LLC - Alleged violation of VA Code §§ 56-265.24, A, *et al.*
URS-2019-00264	Stephens Builder, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00268	Utiliquest, LLC - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2019-00269	Miller Pipeline, LLC - Alleged violation of VA Code § 56-265.19 A
URS-2019-00271	Roanoke Gas Company - Alleged violation of VA Code § 56-265.19 A
URS-2019-00272	Rowe Brothers, Incorporated - Alleged violation of VA Code § 56-265.17 A
URS-2019-00273	Superior Plumbing, Heating & Air, Inc. - Alleged violation of VA Code § 56-265.24 F
URS-2019-00274	Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (3)
URS-2019-00275	Vico Construction Corporation - Alleged violation of VA Code § 56-265.24 C
URS-2019-00276	Washington Gas Light Company - Alleged violation of VA Code § 56-265.19 A
URS-2019-00278	Able Concrete, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2019-00279	Ace Concrete Company II, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00281	Atlas Plumbing, LLC - Alleged violation of VA Code §§ 56-265.24 B, *et al.*
URS-2019-00282	Primoris T&D Services, LLC - Alleged violation of VA Code §§ 56-265.24 B; 56-265.24 A
URS-2019-00283	Mastec North America, Inc. - Alleged violation of VA Code §§ 56-265.24 A; 56-265.19 A; 20 VAC5-309-150 (6)
URS-2019-00284	Stake Center Locating, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2019-00285	Columbia Gas of Virginia, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2019-00287	E. W. Muller Contractor, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (3)
URS-2019-00293	RNS Network Services, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00296	WT Stuart's Contracting LLC - Alleged violation of VA Code § 56-265.17 A
URS-2019-00297	Toano Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A

URS-2019-00298	Robinson's Towing & Recovery, Inc.- Alleged violation of VA Code § 56-265.17 A
URS-2019-00300	National Management Resources Corporation - Alleged violation of VA Code § 56-26517 A
URS-2019-00301	Russell l. Leinbach, Individually and d/b/a Man with a Van - Alleged violation of VA Code § 56-265.17 A
URS-2019-00302	Faulconer Construction Company, Incorporated - Alleged violation of VA Code § 56-265.24 B
URS-2019-00303	Solutions Fiber Optic, Inc. - Alleged violation of VA Code § 56-265.24 A
URS-2019-00305	Bell Design Build, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00306	Barefoot Communications, Inc.- Alleged violation of VA Code § 56-265.17 A
URS-2019-00311	Pyramid Electrical Contractors, LLC - Alleged violation of VA Code § 56-265.24 B
URS-2019-00313	Ogburn Construction, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2019-00314	Perfection Masonry, Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2019-00316	Mastec North America, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00317	Matney Construction Co., Inc. - Alleged violation of VA Code § 56-265.24 B
URS-2019-00319	S & S Concrete, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00320	S.J. Conner and Sons Inc. - Alleged violation of VA Code § 56-265.18; 20 VAC 5-309-180
URS-2019-00321	Seminole Trail Management, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2019-00323	T&T Technology, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00324	Tidewater Utility Construction, Inc. - Alleged violation of VA Code § 56-265.24 C
URS-2019-00325	Rick's Grading and Excavating Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00329	Deryl Veith - Alleged violation of VA Code §§ 56-265.17 A; 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00332	Coyner Construction, LLC - Alleged violation of VA Code § 56-265.24 B
URS-2019-00333	Richard L. Crowder Construction, Inc. - Alleged violation of VA Code § 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00334	CL Steady Construction LLC - Alleged violation of VA Code § 56-265.1 B 1
URS-2019-00335	Ian Gatsby, Individually and d/b/a Relay Electric, LLC - Alleged violation of VA Code § 56-264.24 A
URS-2019-00336	Cimarron Excavating & Grading LLC - Alleged violation of VA Code §§ 56-265.17 A; 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00338	E-Landscape Specialty Solutions, LLC - Alleged violation of VA Code § 56-265.17 A
URS-2019-00340	Wallberg, LLC t/a Wallberg Construction - Alleged violation of VA Code § 56-265.17 A
URS-2019-00341	Heath Consultants Incorporated - Alleged violation of VA Code § 56-265.19 A
URS-2019-00342	K. P. Glass Construction, Incorporated - Alleged violation of VA Code § 56-265.18
URS-2019-00343	John E Kelly & Sons Electrical Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00344	JAMA, Inc. - Alleged violation of VA Code §§ 56-265.17 A; 56-265.24 A; 20 VAC 5-309-140 (4)
URS-2019-00345	HMI Utilities, LLC - Alleged violation of VA Code § 56-265.24 A
URS-2019-00346	Kramer and Sons Plumbing Services, Inc. - Alleged violation of VA Code § 56-265.24 C
URS-2019-00351	Lee Kesler Construction, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00352	Casper Colosimo & Son, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00353	Virginia Natural Gas, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2019-00354	Primoris T&D Services, LLC - Alleged violation of VA Code §§ 56-265.19 A; 56-265.24 A
URS-2019-00356	Verizon Virginia LLC - Alleged violation of VA Code § 56-265.19 A
URS-2019-00359	Atmos Energy Corporation - Alleged violation of VA Code § 56-265.19 A
URS-2019-00360	Stake Center Locating, Inc. - Alleged violation of VA Code § 56-265.19 A
URS-2019-00361	Southeast Connections LLC - Alleged violation of VA Code § 56-265.24 A
URS-2019-00363	Blakemore Construction Corporation - Alleged violation of VA Code § 56-265.24 A
URS-2019-00364	Matthew S. Kitchens, Builder, LLC d/b/a Fence Pro - Alleged violation of VA Code § 56-265.17 B 1
URS-2019-00366	CR Phillips Electrical Contractors, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00367	D F Building Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00368	BCA Landscaping & Site Support LLC - Alleged violation of VA Code § 56-265.17 A
URS-2019-00369	Builders Choice Excavating, Inc. - Alleged violation of VA Code § 56-265.17 A
URS-2019-00372	A & M Concrete Corp. - Alleged violation of VA Code §§ 56-265.24, *et al.*
URS-2019-00373	Soul Farms, LLC - Alleged violation of VA Code §§ 56-265.17 A, *et al.*
URS-2019-00374	Superior Backhoe Service, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00375	Tysons Service Corporation of Virginia - Alleged violation of VA Code § 56-265.17 C
URS-2019-00378	Well Built Construction LLC - Alleged violation of VA Code § 56-265.24 A
URS-2019-00380	Gaston Brothers Utilities, LLC - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00383	Jamison Electrical Company, Inc. - Alleged violation of VA Code §§ 56-265.24 A, *et al.*
URS-2019-00385	Master Remodeling & Cleaning LLC - Alleged violation of VA Code § 56-265.17 A
URS-2019-00386	Washington Gas Light Company - Alleged violation of VA Code §§ 56-265.19 A, *et al.*
URS-2019-00387	Distinctive Data Communications LLC - Alleged violation of VA Code §§ 56-26524 A, *et al.*
URS-2019-00389	Virginia Utility Protection Service, LLC - To amend notification call center performance standards pursuant to VA Code § 56-265.16 (1)
URS-2019-00390	Terminix Company, Incorporated - Alleged violation of VA Code § 56-265.17 A