Ninety-Fifth Annual Report

of the

State Corporation Commission

of

Virginia

For the Year Ending December 31, 1997

GENERAL REPORT

Letter of Transmittal

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

RICHMOND, VIRGINIA, *December 31, 1997*

To the Honorable George F. Allen

Governor of Virginia

Sir:

We have the honor to transmit herewith the ninety-fifth Annual Report of the State Corporation Commission for the year 1997.

Respectfully submitted,

Hullihen Williams Moore, Chairman

Clinton Miller, Commissioner

Theodore V. Morrison, Jr., Commissioner

TABLE OF CONTENTS

State Corporation Commission

COMMISSIONERS

*Theodore V. Morrison, Jr.	Chairman
**Hullihen Williams Moore	Chairman
Clinton Miller	Commissioner

William J. Bridge

Clerk of the Commission

*Term as Chairman expired January 31, 1997.

**Elected Chairman effective for term of one year, February 1, 1997

Commissioners

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

The names and terms of office of the Commissioners:

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

From 1903 through 1997 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	Morrison	9	Moore	6
Miller	2				

Preface

The State Corporation Commission is vested with regulatory authority over many business and economic interests in Virginia. These interests are as varied as the SCC's powers, which are delineated by the state constitution and state law. Its authority ranges from setting rates charged by large investor-owned utilities to serving as the central filing agency for corporations in Virginia.

Initially established to oversee the railroad and telephone and telegraph industries in Virginia, the SCC's jurisdiction now includes many businesses which directly impact Virginia consumers. The SCC's authority encompasses utilities, insurance, state-chartered financial institutions, securities, retail franchising, the Virginia Pilots' Association, and railroads. It is the state's central filing office for corporations, limited partnerships, limited liability companies, and Uniform Commercial Code liens.

The SCC's structure is unique. No other state has charged one agency with such a broad array of regulatory responsibility. The SCC is organized as a fourth branch of government with its own legislative, administrative, and judicial powers. SCC decisions can only be appealed to the Virginia Supreme Court.

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

Rules of Practice and Procedure

TABLE OF CONTENTS

PART V
PLEADINGS

PART VI
PREHEARING PROCEDURES

PART VII
PROCEEDINGS BEFORE A HEARING EXAMINER

PART VIII
FORMAL HEARING

RULES OF PRACTICE AND PROCEDURE

PART I
THE STATE CORPORATION COMMISSION

1:1. *Constitutionally Created.* The Commission is a permanent body with powers and duties prescribed by Article IX of the Constitution and by statute (Code §§ 12.1-2, 12.1-12, *et seq.*).

1:2. *Seal of Commission.* As described by the Code of Virginia, and when affixed to any paper, record or document, customarily by the Clerk of the Commission, the seal has the same force and effect for authentication as the seal of a court of record in the State (Code §§ 12.1-3, 12.1-19).

1:3. *Principal Office.* Jefferson Building, Corner of Bank and Governor Streets, Richmond, Virginia; mailing address: Box 1197, Zip Code 23209.

1:4. *Public Sessions*: Writ or Process. Public sessions for the hearing of any complaint, proceeding, contest or controversy instituted or pending, whether of the Commission's own motion or otherwise, shall be at its principal office, or, in its discretion, when public necessity or the convenience of the parties requires, elsewhere in the State. All notices, writs and processes of the Commission shall be returnable to the place of any such session (Code §§ 12.1-5, 12.1-26, 12.1-29). Sessions are held throughout the year except during August. All cases will be set for a day certain and the parties notified.

PART II
ORGANIZATION

2:1. *The Commission.* The Commission consists of three members elected by the joint vote of the two houses of the General Assembly for regular staggered terms of six years (Code § 12.1-6).

2:2. *Chairman.* One of its members is elected chairman by the Commission for a one-year term beginning on the first day of February of each year (Code § 12.1-7).

2:3. *Quorum.* A majority of the Commissioners shall constitute a quorum for the exercise of judicial, legislative, and discretionary functions of the Commission, whether there be a vacancy in the Commission or not, but a quorum shall not be necessary for the exercise of its administrative functions (Code § 12.1-8).

2:4. *Administrative Divisions.* The public responsibilities of the Commission are divided among the following divisions:

(a) Accounting and Finance.

Periodic audit of all public utilities, electric, gas, telephone, electric and telephone cooperatives, radio common carriers, water and sewer. Preparation of the analyses and studies incident to all utility applications to engage in affiliates' transactions, issue securities, acquire certificates of convenience and necessity and/or to increase rates.

(b) Bureau of Financial Institutions.

Examination of and supervisory responsibility for all state-chartered banks, trust companies, savings and loan associations, industrial loan associations, credit unions, small loan companies, money order sales and non-profit debt counseling agencies, as provided by law.

(c) Bureau of Insurance.

Licensing and examination of insurance companies and agents, including contracts and plans for future hospitalization, medical and surgical services, and premium finance companies; approval of policy forms; collection of premium taxes and fees; public filings of financial statements and premium rates; rate regulation.

(d) Clerk's Office.

Administration of the corporate statutes concerning the issuance of certificates of incorporation, amendment, merger, etc., the qualification of foreign corporations, and the assessment of annual registration fees; administration of the limited partnership statutes concerning the filing of certificates of limited partnership, amendment and cancellation, the registration of foreign limited partnerships, and the assessment of annual registration fees; public depository of corporate and limited partnership documents required to be filed with the Commission; provides certified and uncertified copies of documents and information filed with the Commission; statutory agent for service of process pursuant to Code §§ 8.01-285 *et seq.*, 13.1-637, 13.1-766, 13.1-836, 13.1-928, and 40.1-68; powers and functions of a clerk of a court of record in all matters within the Commission's jurisdiction.

(e) Communications.

Responsible for regulation of rates and services of telephone and radio common carriers, including administrative interpretations and rulings related to rules, regulations, rates and charges; investigation of consumer complaints; provides testimony in rate and service proceedings; development of special studies, including depreciation prescriptions; monitoring construction programs and service quality; administration of the Utility Facilities Act and maintenance of territorial maps as pertains to communications.

(f) Corporate Operations.

Records and maintains on computer systems or microfilm the information and documents filed with the Clerk's Office by corporations and limited partnerships; takes telephonic requests for copies of such documents and information; provides facilities for "walk-in" viewing of such information and documents; responds to telephonic requests for specific information concerning corporations and limited partnerships of record in the Clerk's Office; processes requests for corporate and limited partnership forms prepared or prescribed by the Commission; processes various types of documents delivered to the Commission for filing, including annual reports, registered office/agent changes and annual registration fee payments.

(g) Economic Research and Development.

Performs basic economic and financial research on matters involving the regulation of public utilities; conducts research on policy matters confronting the Commission; provides financial and economic testimony in rate hearings, and engages in developing administrative processes to facilitate the conduct of the Commission's regulatory responsibilities.

(h) Energy Regulation.

Responsible for regulation and rates and services of electric, gas, water and sewer utilities, including administrative interpretations and rulings relating to rules, regulations, rates and charges; investigation of consumer complaints; maintenance of territorial maps; preparation of testimony for rate and service proceedings; development of special studies, including depreciation prescriptions; monitoring construction programs and service quality; administration of the Utility Facilities Act and enforcement of safety regulations affecting gas pipelines and other facilities of gas utilities.

(i) General Counsel.

Analysis of facts and legal issues for the Commission, and for purposes of appeal, relative to all matters coming before the Commission, including certificates of convenience and necessity, facilities and rates affecting public utilities, insurance, banking, securities, transportation, etc.

(j) Motor Carrier.

Reviews and evaluates motor carrier rules and regulations; develops legislative and internal procedural changes or modifications pertaining to motor carriers; work with other state and federal regulatory agencies and with motor carrier associations. Responsible for the registration of vehicles and commodity authorization pertinent to all tractors, three-axle trucks (private and for-hire) and all for-hire buses qualified to move interstate through Virginia, and all intrastate for-hire carriers, including taxicabs: certification or evidence of liability and cargo insurance: emergency authority to qualified carriers, a registry of agents for process on interstate carriers. The Motor Carrier Division is also responsible for the collection of the Virginia Motor Fuel Road Tax on a quarterly basis and also audits and examines the records of motor carriers for road tax liability. Enforcement of motor carrier laws, Code §§ 56-273 *et seq.*, and related rules and regulations of the Commissions, by investigation and the power to arrest. Analysis of facts and issues of the Commission relative to transportation companies, such as certificates of convenience and necessity sought by common carriers of persons or property, charter party carriers, household goods carriers, petroleum tank truck carriers, sight-seeing carriers, and restricted parcel carriers, together with applications for rate increases or alterations of service by motor and other surface carriers. Analysis of information for use in prosecution before the Commission pertaining to transportation services.

(k) Public Service Taxation.

Administration of Code §§ 58.1-2600 to 58.1-2690, evaluation and assessment for local taxation to all real and tangible personal property of public service corporations: electric, gas, water, telephone and telegraph companies. Assessment of state taxes of public service corporations: gross receipts tax, pole line tax, and special revenue tax. The assessment, collection and distribution of taxes to localities for the rolling stock of certificated common carriers.

(l) Railroad Regulation.

Investigates, at its own volition or upon complaint, rail service and the compliance with rules, regulations, and rates by rail common carriers when intrastate aspects are involved. Analyzes and handles applications for intrastate rate increases or alteration of service, together with all or other rail tariff matters.

(m) Securities and Retail Franchising.

Registration of publicly offered securities, broker-dealers, securities salesmen, investment advisors and investment advisor representatives; complaint investigation - "Blue Sky Laws"; registration of franchises and complaint investigation - Retail Franchising Act; registration of intrastate trademarks and service marks; administration of Take-Over-Bid Disclosure Act.

(n) Uniform Commercial Code.

Administration of Code §§ 8.9-401, *et seq.*, U.C.C. central filing office for financing statements, amendments, termination statements and assignments by secured parties nationwide, being primary secured interests in equipment and inventories; discharge the duties of the filing officer under the Uniform Federal Tax Lien Registration Act, Code §§ 55-142.1, *et seq.*

PART III
ADMINISTRATIVE FUNCTIONS

3:1. *Conduct of Business.* Persons who have business with the Commission will deal directly with the appropriate division, and all correspondence should be addressed thereto.

3:2. *Acts of Officers and Employees.* Administrative acts of officers and employees are the acts of the Commission, subject to review by the Commissioner under whose assigned supervision within the Commission's internal division the function was performed.

3:3. *Review of Acts of Officers and Employees.* Anyone dissatisfied with any administrative action of an employee should make informal complaint to the division head, and if not thereby resolved, may present a complaint, as provided in Rule 5:4, for review by the Commissioner under whose supervision the division head acted. Subject to the equitable doctrine of laches, and unless contrary to statute, administrative acts may be reviewed and corrected for error of fact or law at any time. If necessary to complete relief, an order may be entered effective retroactively.

3:4. *Hearing Before the Commission.* Upon written petition of any person in interest dissatisfied with any action taken by a division of the Commission, or by its failure to act, resulting from disputed facts or from disputed statutory interpretation or application, the Commission will set the matter for hearing. If the dispute be one of law only, in lieu of a hearing, the Commission may order a stipulation of facts and submission of the issues and argument by written briefs. Oral argument in any such case shall be with the consent of the Commission.

PART IV
PARTIES TO PROCEEDINGS

4:1. *Parties.* Parties to a proceeding before the Commission are designated as applicants, petitioners, complainants, defendants, protestants, or interveners, according to the nature of the proceeding and the relationship of the respective parties.

4:2. *Applicants.* Persons filing formal written requests with the Commission for some right, privilege, authority or determination subject to the jurisdiction of the Commission are designated as applicants.

4:3. *Petitioners.* Persons filing formal written requests for redress of some alleged wrong arising from acts or things done or omitted to be done in violation of some law administered by the Commission, or in violation of some rule, regulation or order issued thereby, are designated as petitioners.

4:4. *Complainants.* Persons making informal written requests for redress of some alleged wrong arising from acts or things done or omitted to be done in violation of some law administered by the Commission, or in violation of some rule, regulation or order issued thereby are designated as complainants.

4:5. *Defendants.* In all complaints, proceedings, contests, or controversies by or before the Commission instituted by the Commonwealth or by the Commission on its own motion, or upon petition, the party against whom the complaint is preferred, or the proceeding instituted, shall be the defendant.

4:6. *Protestants.* Persons filing a notice of protest and/or protest in opposition to the granting of an application, in whole or in part, are designated as protestants. All protestants must submit evidence in support of their protest, and comply with the requirements of Rules 5:10, 5:16, and 6:2. A protestant may not act in the capacity of both witness and counsel except in his own behalf. All cross-examination permitted by a protestant shall be material and relevant to protestant's case as contemplated by Rules 5:10, 5:16 and 6:2.

4:7. *Interveners.* Any interested person may intervene in a proceeding commenced by an application, or by a Rule to Show Cause under Rule 4:11, or by the Commission pursuant to Rule 4:12, by *attending* the hearing and executing and filing with the bailiff a notice of appearance on forms provided for that purpose. An intervener, subject to challenge for lack of interest and subject to the general rules of relevancy and redundancy, may testify in support of or in opposition to the object of the proceeding, may file a brief, and may make oral argument with leave of the Commission, but may not otherwise participate in the proceeding before the Commission.

4:8. *Counsel.* No person not duly admitted to practice law before the court of last resort of any state or territory of the United States or of the District of Columbia shall appear as attorney or counsel in any proceeding except in his own behalf when a party thereto, or in behalf of a partnership, party to the proceeding, of which such person is adequately identified as a member; provided, however, no foreign attorney may appear unless in association with a member of the Virginia State Bar.

4:9. *Commission's Staff.* Members of the Commission's staff appear neither in support of, nor in opposition to, any party in any cause, but solely on behalf of the general public interest to see that all the facts appertaining thereto are clearly presented to the Commission. They may conduct investigations and otherwise evaluate the issue or issues raised, may testify and offer exhibits with reference thereto, and shall be subject to cross-examination as any other witness. In all proceedings the Commission's staff is represented by the General Counsel division of the Commission.

4:10. *Consumer Counsel.* Code § 2.1-133.1 provides for a Division of Consumer Counsel within the office of the Attorney General, the duties of which, in part, shall be to appear before the Commission to represent and be heard on behalf of consumers' interests, and investigate such matters relating to such appearance, with the objective of insuring that any matters adversely affecting the interests of the consumer are properly controlled and regulated. In all such proceedings before the Commission, the Division of Consumer Counsel shall have as full a right of discovery as is provided by these Rules for any other party, and otherwise may participate to the extent reasonably necessary to discharge its statutory duties.

4:11. *Rules To Show Cause.* Investigative, disciplinary, and penal proceedings will be instituted by rule to show cause at the instigation of the Commonwealth, by the Commission's own motion as a consequence of any unresolved valid complaint upon petition, or for other good cause. In all such proceedings the public interest shall be represented and prosecuted by the General Counsel division. The issuance of such a rule does not place on the defendant the burden of proof.

4:12. *Promulgation of General Orders, Rules or Regulations.* Before promulgating any general order, rule or regulation, the Commission shall give reasonable notice of its contents and shall afford interested persons having objections thereof an opportunity to present evidence and be heard. Oral argument in all such cases shall be by leave of the Commission, but briefs in support or opposition will be received within a time period fixed by the Commission.

4:13. *Consultation by Parties with Commissioners.* No party, or person acting on behalf of any party, shall confer with, or otherwise communicate with, any Commissioner with respect to the merits of any pending proceeding without first giving adequate notice to all other parties, other than interveners under Rule 4:7, and affording such other parties full opportunity to be present and to participate, or otherwise to make appropriate response to the substance of the communication.

4:14. *Consultation between Commissioners and their Staff.* As provided by Rule 4:9, no member of the Commission's Staff is a "party" to any proceeding before the Commission, regardless of his participation in Staff investigations with respect thereto or of his participation therein as a witness. Since the purpose of the Staff is to aid the Commission in the proper discharge of Commission duties, the Commissioners shall be free at all times to confer with their Staff, or any of them, with respect to any proceeding. Provided, however, no facts not of record which reasonably could be expected to influence the decision in any matter pending before the Commission shall be furnished to any Commissioner unless all parties to the proceeding, other than interveners under Rule 4:7, be likewise informed and afforded a reasonable opportunity to respond.

PART V
PLEADINGS

5:1. *Nature of Proceeding.* The Commission recognizes both formal and informal proceedings. Matters requiring the taking of evidence and all instances of rules to show cause are considered to be formal proceedings and must be instituted and progressed in conformity with applicable rules. Whenever practicable, informal proceedings are recommended for expeditious adjustment of complaints of violations of statute, rule or regulation, or of controversies arising from administrative action within the Commission.

5:2. *Filing Fees.* There are no fees, unless otherwise provided by law, for filing and/or prosecuting formal or informal proceedings before the Commission.

5:3. *Declaratory Judgments.* A person having no other adequate remedy may petition the Commission for a declaratory judgment under Code § 8.01-184. In such a proceeding, the Commission shall provide by order for any necessary notice to third persons and intervention thereof, which intervention shall be by motion.

5:4. *Informal Proceedings (Complaints).* Informal proceedings may be commenced by letter, telegram, or other instrument in writing, directed to the appropriate Administrative Division, setting forth the name and post office address of the person or persons, or naming the Administrative Division of the Commission, against whom the proceeding is instituted, together with a concise statement of all the facts necessary to an understanding of the grievance and a statement of the relief desired. Matters so presented will be reviewed by the appropriate division or Commissioner and otherwise handled with the parties affected, by correspondence or otherwise, with the object of resolving the matter without formal order or hearing; but nothing herein shall preclude the issuance of a formal order when necessary or appropriate for full relief.

5:5. *Complaint - An Informal Pleading.* All complaints under Rule 5:4 are regarded initially as instituting an informal proceeding and need comply only with the requisites of that Rule.

5:6. *Subsequent Formal Proceeding.* The instigation of an informal proceeding is without prejudice to the right thereafter to institute a formal proceeding covering the same subject matter. Upon petition of any aggrieved party, or upon its own motion if necessary for full relief, the Commission will convert any unresolved valid complaint to a formal proceeding by the issuance of a rule to show cause, or by an appropriate order setting a formal hearing, upon at least ten (10) days notice to the parties, or as shall be required by statute.

5:7. *Rules to Show Cause - Style of Proceeding.*

(a) Cases instituted by the Commission on its own motion against a defendant will be styled:

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
v.
(Defendant's name)

(b) Cases instituted by others against a defendant will be styled:

COMMONWEALTH OF VIRGINIA, *ex rel.* (Complainant's name)
v.
(Defendant's name)

5:8 *Promulgation of General Orders, Rules or Regulations - Style of Proceeding.* Proceedings Instituted by the Commission for the captioned purposes will be styled:

COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION
Ex Parte, in re

5:9. *Formal Pleadings.* Pleadings in formal proceedings include applications, petitions, notices of protest, protests, answers, motions, and comments on Hearing Examiners' Reports. Printed form applications supplied by Administrative Divisions are not subject to Rules 5:10, 5:12 and 5:13.

5:10. *Contents.*

(a) In addition to the requirements of Rules 5:15 and 5:16, all formal pleading shall be appropriately designated ("Notice of Protest", "Answer", etc.) and shall contain the name and post office address of each party by or for whom the pleading is filed, and the name and post office address of counsel, if any. No such pleading need be under oath unless so required by statute, but shall be signed by counsel, or by each party in the absence of counsel.

(b) Applications for tax refunds or the correction of tax assessments must comply with the applicable statutes.

5:11. *Amendments.* No amendments shall be made to any formal pleading after it is filed except by leave of the Commission, which leave shall be liberally granted in the furtherance of justice. The Commission shall make such provision for notice and for opportunity to respond to the amended pleadings as it may deem necessary and proper.

5:12. *Copies and Paper Size Required.*

(a) The provisions of this rule as to the number of copies required to be filed shall control in all cases unless other rules applicable to specific types of proceedings provide for a different number of copies or unless otherwise specified by the Commission. The Commission may require additional copies of any formal pleading to be filed at any time.

(b) Applications, together with petitions filed by utilities, shall be filed in original with fifteen (15) copies unless otherwise specified by the Commission. Applications, petitions, and supporting exhibits which are filed by a utility shall be bound securely on the left hand margin. An application shall not be bound in volumes exceeding two inches in thickness. An application containing exhibits shall have tab dividers between each exhibit and shall include an index identifying its contents.

(c) Petitions, other than those of utilities, shall be filed in original and five (5) copies.

(d) Pre-trial motions whether responsive or special, shall be filed in original with four (4) copies, together with service of one (1) copy upon all counsel of record and upon all parties not so represented.

(e) Protests, notices of protest, answers, and comments on Hearing Examiners' Reports shall be filed in original with fifteen (15) copies, together with service of one (1) copy upon counsel of record for each applicant or petitioner and upon any such party not so represented.

(f) All documents of whatever nature filed with the Clerk of the Commission (Document Control Center) shall be produced on pages 8 1/2 x 11 inches in size. This rule shall not apply to tables, charts, plats, photographs, and other material that cannot be reasonably reproduced on paper of that size.

In addition all documents filed with the Clerk 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.

5:13. *Filing and Service by Mail.* Any formal pleading or other related document or paper shall be considered filed with the Commission upon receipt of the original and required copies by the Clerk of the Commission at the following address: State Corporation Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23216. Said original and copies shall immediately be stamped by the Clerk showing date and time of receipt. Informal complaints shall conform to Rule 5:4. Any formal pleading or other document or paper required to be served on the parties to any proceeding, absent special order of the Commission to the contrary, shall be effected by delivery of a true copy thereof, or by depositing same in the United States mail properly addressed and stamped, on or before the day of filing. Notices, findings of fact, opinions, decisions, orders or any other papers to be served by the Commission may be served by United States mail; provided however, all writs, processes, and orders of the Commission acting in conformity with Code § 12.1-27 shall be attested and served in compliance with Code § 12.1-29. At the foot of any formal pleading or other document or paper required to be served, the party making service shall append either acceptance of service or a certificate of counsel of record that copies were mailed or delivered as required. Counsel herein shall be as defined in Rule 1:5, Rules of the Supreme Court of Virginia.

5:14. *Docket or Case Number.* When a formal proceeding is filed with the Commission, it shall immediately be assigned an individual number. Thereafter, all pleadings, papers, briefs, correspondence, etc., relating to said proceeding shall refer to such number.

5:15. *Initial Pleadings.* The initial pleading in any formal proceeding shall be an application or a petition.

(a) Applications: An application is the appropriate initial pleading in a formal proceeding wherein the applicant seeks authority to engage in some regulated industry or business subject to the Commission's regulatory control, or to make any changes in the presently authorized service, rate, facilities, or other aspects of the public service purpose or operation of any such regulated industry or business for which Commission authority is required by law. In addition to the requirements of Rule 5:10, each application shall contain (i) a full and clear statement of facts which the party or parties are prepared to prove by competent evidence, the proof of which will warrant the objective sought; and (ii) details of the objective sought and the legal basis therefor.

(b) Petitions: A petition is the appropriate initial pleading in a formal proceeding wherein a party complainant seeks the redress of some alleged wrong arising from prior action or inaction of the Commission, or from the violation of some statute or rule, regulation or order of the Commission which it has the legal duty to administer or enforce. In addition to the requirements of Rule 5:10, each petition shall contain (i) a full and clear statement of facts which the party or parties are prepared to prove by competent evidence, the proof of which will warrant the relief sought; and (ii) a statement of the specific relief sought and the legal basis therefor.

5:16. *Responsive Pleadings.* The usual responsive pleadings in any formal proceeding shall be a notice of protest, protest, motion, answer, or comments on a Hearing Examiner's Report, as shall be appropriate, supplemented with such other pleadings, including stipulations of facts and memoranda, as may be appropriate.

(a) Notice of Protest: A notice of protest is the proper *initial* response to an application in a formal proceeding by which a protestant advises the Commission of his interest in protecting existing rights against invasion by an applicant. Such notice is appropriate only in those cases in which the Commission requires the pre-filing of prepared testimony and exhibits as provided by Rules 6:1 and 6:2. In all other cases, the appropriate initial responsive pleading of a protestant will be by protest as hereafter provided. In addition to the requirements of Rule 5:10, a notice of protest shall contain a precise statement of the interest of the party or parties filing same, and it shall be filed within the time prescribed by the Commission as provided by Rule 6:1.

(b) Protests: A protest is a proper responsive pleading to an application in a formal proceeding by which the protestant seeks to protect existing rights against invasion by the applicant. It shall be the initial responsive pleading by a protestant in all cases in which the parties are not required to pre-file testimony and exhibits. When such a pre-trial filing is required, a protest must be filed in support of, and subsequent to, a notice of protest. A protest must be filed within the time prescribed by the Commission Order which, in cases involving pre-filed testimony and exhibits, will always be subsequent to such filing by the applicant. In addition to the requirements of Rule 5:10, a protest shall contain (i) a precise statement of the interest of the protestant in the proceeding; (ii) a full and clear statement of the facts which the protestant is prepared to prove by competent evidence, the proof of which will warrant the relief sought; and (iii) a statement of the specific relief sought and the legal basis therefor.

(c) Answers: An answer is the proper responsive pleading to a petition or rule to show cause. An answer, in addition to the requirements of Rule 5:10, shall contain (i) a precise statement of the interest of the party filing same; (ii) a full and clear statement of facts which the party is prepared to prove by competent evidence, the proof of which will warrant the relief sought; and (iii) a statement of the specific relief sought and the legal basis therefor. An answer must be filed within the time prescribed by the Commission.

(d) Motions: A motion is the proper responsive pleading for testing the legal sufficiency of any application, protest, or rule to show cause. Recognized for this purpose are motions to dismiss and motions for more definite statement.

(i) Motion to Dismiss: Lack of Commission jurisdiction, failure to state a cause of action, or other legal insufficiency apparent on the face of the application, protest, or rule to show cause may be raised by motion to dismiss. Such a motion, directed to any one or more legal defects, may be filed separately or incorporated in a protest or any other responsive pleading which the Commission may direct be filed. Responsive motions must be filed within the time prescribed by the Commission.

(ii) Motion for More Definite Statement: Whenever an application, protest, or rule to show cause is so vague, ambiguous, or indefinite as to make it unreasonably difficult to determine a fair and adequate response thereto, the Commission, at its discretion, on proper request, or of its own motion, may require the filling of a more definite statement or an amended application, protest, or rule and make such provision for the

filing of responsive pleadings and postponement of hearing as it may consider necessary and proper. Any such motion and the response thereto must be filed within the time prescribed by the Commission.

(e) Comments on a Hearing Examiner's Report: Comments are the proper responsive pleading to a report of a Hearing Examiner. Such comments may note a party's objections to any of the rulings, findings of fact or recommendations made by an Examiner in his Report, or may offer remarks in support of or clarifications regarding the Examiner's Report. No party may file a reply to comments on the Examiner's Report.

5:17. *Improper Joinder of Causes.* Substantive rules or standards, or the procedures intended to implement same, previously adopted by the Commission, governing the review and disposition of applications, may not be challenged by any party to a proceeding intended by these Rules to be commenced by application. Any such challenge must be by independent petition.

5:18. *Extension of Time.* The Commission may, at its discretion, grant an extension of time for the filing of any responsive pleading required or permitted by these Rules. Applications for such extensions shall be made by special motion and served on all parties of record and filed with the Commission at least three (3) days prior to the date on which the pleading was required to have been filed.

PART VI
PREHEARING PROCEDURES

6:1. *Docketing and Notice of Cases.* All formal proceedings before the Commission are set for hearing by order, which, in the case of an application shall also provide for notice to all necessary and potentially interested parties - either by personal service or publication, or both. This original order shall also fix dates for filing prepared testimony and responsive pleadings, together with such other directives as the Commission deem necessary and proper. The filing of a petition resulting in the issuance of a show cause order (except for a declaratory judgment) shall be served as required by law upon the defendant or defendants. This order shall prescribe the time of hearing and provide for such other matters as shall be necessary or proper.

6:2. *Prepared Testimony and Exhibits.* Following the filing of all applications dependent upon complicated or technical proof, the Commission may direct the applicant to prepare and file with the Commission, well in advance of the hearing date, all testimony in question and answer or narrative form, including all proposed exhibits, by which applicant expects to establish his case. Protestants, in all proceedings in which an applicant shall be required to pre-file testimony, shall be directed to pre-file in like manner and by a date certain all testimony an proposed exhibits necessary to establish their case. Failure to comply with the directions of the Commission, without good cause shown, will result in rejection of the testimony and exhibits by the Commission. For good cause shown, and with leave of the Commission, any party may correct or supplement, before or during hearing, all pre-filed testimony and exhibits. In all proceedings all such evidence must be verified by the witness before the introduction into the record. An original and fifteen (15) copies of prepared testimony and exhibits shall be filed unless otherwise specified in the Commission's order and public notice. Documents of unusual bulk or weight, and physical exhibits other than documents, need not be prefiled, but shall be described and made available for pretrial examination. Interveners are not subject to this Rule.

6:3. *Process, Witnesses and Production of Documents and Things.*

(a) In all matters within its jurisdiction, the Commission has the powers of a court of record to compel the attendance of witnesses and the production of documents, and any party complainant (petitioner) or defendant in a show cause proceeding under Rule 4:11 shall be entitled to process, to convene parties, and to compel the attendance of witnesses and the production of books, papers or documents as hereinafter provided.

(b) In all show cause proceedings commenced pursuant to Rule 4:11, notice to the parties of the nature of the proceeding, hearing date and other necessary matters shall be effected by the Commission in accordance with Code § 12.1-29. Upon written request to the Clerk of the Commission by any party to such a proceeding, with instructions as to mode of service, a summons will likewise be issued directing any person to attend on the day and place of hearing to give evidence before the Commission.

(c) In a Rule 4:11 proceeding, whenever it appears to the Commission, by affidavit filed with the Clerk by a party presenting evidence that any book, writing or document, sufficiently described in said affidavit, is in the possession, or under the control, of any identified persons not a party to the proceeding, and is material and proper to be produced in said proceeding, either before the Commission or before any person acting under its process or authority, the Commission will order the Clerk to issue a subpoena and to have same duly served, together with an attested copy of the aforesaid order, compelling production at a reasonable time and place.

(d) In all proceedings intended by these Rules to be commenced by application, the subpoena of witnesses and for the production of books, papers and documents shall be by order of the Commission upon special motion timely filed with the Clerk. Such a motion will be granted only for good cause shown, subject to such conditions and restrictions as the Commission shall deem proper.

6:4. *Interrogatories to Parties or Requests for Production of Documents and Things.* Any party to any formal proceeding before the Commission, except an intervener and other than a proceeding under Rule 4:12 or a declaratory judgment proceeding, may serve written interrogatories upon any other party, other than the Commission's Staff, provided a copy is filed simultaneously with the Clerk of the Commission, to be answered by the party served, or if the party served is a corporation, partnership or association, by an officer or agent thereof, who shall furnish such information as is known to the party. No interrogatories may be served which cannot be timely answered before the scheduled hearing date without leave of the Commission for cause shown and upon such conditions as the Commission may prescribe.

Answers are to be signed by the person making them. Objections, if any, to specified questions shall be noted within the list of answers. Answers and objections shall be served within 21 days after the service of interrogatories, or as the Commission may otherwise prescribe. Upon special

motion of either party, promptly made, the Commission will rule upon the validity of any objections raised by answers, otherwise such objections shall be considered sustained.

Interrogatories 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 necessarily grounds for objection that the information sought will be inadmissible at the hearing if such information appears reasonably calculated to lead to the discovery of admissible evidence.

All interrogatories which request answers requiring the assembling or preparation of information or data which might reasonably be considered as original work product are subject to objection. Where the answer to an interrogatory may be derived or ascertained from the business records of the party questioned or from an examination, audit or inspection of such business records, or from a compilation, abstract or summary based thereon, and the burden of deriving or ascertaining the answer is substantially the same for one party as for the other, an answer is sufficient which specifies the records from which the answer may be derived and tenders to the questioning party reasonable opportunity to examine, audit or inspect such records and to make copies, compilations, abstracts, or summaries.

This rule shall apply, insofar as practicable, to requests for the production of documents and things and to the production of same in the same manner as it applies to written interrogatories and the answers filed thereto.

6:5. *Hearing Preparation - Experts.* In a formal proceeding intended by these Rules to be commenced by application, the applicant, any party protestant, and the Commission staff may serve on any other such party a request to examine the work papers of any expert employed by such party and whose prepared testimony has been pre-filed in accordance with the Rule 6:2. The examining party may make copies, abstracts or summaries of such work papers, but in every case, except for the use of the Commission staff, copies of all or any portion or part of such papers will be furnished the requesting party only upon the payment of the reasonable cost of duplication or reproduction. A copy of any request served as herein provided shall be filed with the Commission.

6:6. *Postponements.* For cause shown, postponements, continuances and extensions of time will be granted or denied at the discretion of the Commission, except as otherwise provided by law. Except in cases of extreme emergency, requests hereunder must be made at least fourteen (14) days prior to the date set for hearing. In every case in which a postponement or continuance is granted it shall be the obligation of the requesting party to arrange with all other parties for a satisfactory available substitute hearing schedule. Absent the ability of the parties to agree, the Commission will be so advised and a hearing date will be set by the Commission. In either case, the requesting party shall prepare an appropriate draft of order for entry by the Commission, which order shall recite the agreement of the parties, or the absence thereof, and file the same with an additional copy for each counsel of record as prescribed in Rule 5:13. Following entry, an attested copy of the order shall be served by the Clerk on each counsel of record.

6:7. *Prehearing Conference.* The Commission has the discretion in any formal proceeding to direct counsel of record to appear before it for conference to consider:

(a) The simplification or limitation of issues;

(b) The nature and preparation of prepared testimony and exhibits;

(c) The possibility of obtaining admissions of fact and of documents which will avoid unnecessary proof;

(d) The limitation of witnesses;

(e) Such other matters as may aid in the disposition of the proceeding.

The Commission shall enter an order reciting the action taken at the conference, including any agreements made by the parties which limit the issues for hearing to those not disposed of by admissions or agreements of counsel. Such other shall control the subsequent course of the proceeding unless subsequently modified to prevent injustice.

Substantive rules or regulations, and any procedures intended to implement same, previously adopted by order of the Commission, applicable to regulated businesses or industries, or classes thereof, will be applied by the Commission in reviewing and disposing of any application thereafter filed by any such business or industry, whether incorporated in an appropriate prehearing order or not. Testimony or argument intended to cancel or modify any such rule or regulation, or implementing procedures, will not be entertained except in a separate proceeding instituted by the filing of an appropriate petition as provided in Rule 5:17.

PART VII
PROCEEDINGS BEFORE A HEARING EXAMINER

7:1. *Proceedings Before a Hearing Examiner.* The Commission may, by order, assign any matter pending before it to a Hearing Examiner. In such event, and unless otherwise ordered, the Examiner shall conduct all further proceedings in the matter on behalf of the Commission, concluding with the filing of the Examiner's final Report to the Commission. In the discharge of such duties, the Hearing Examiner shall exercise all the inquisitorial powers possessed by the Commission, including, but not limited to, the power to administer oaths, require the appearance of witnesses and parties and 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. Any party objecting to any ruling or action of said Examiner shall make known its objection with reasonable certainty at the time of the ruling, and may argue such objections to the Commission as a part of its comments to the final report of said

Examiner; provided, however, if any ruling by the Examiner denies further participation by any party in interest in a proceeding not thereby concluded, such party shall have the right to file a written motion with the Examiner for his immediate certification of such ruling to the Commission for its consideration. Pending resolution by the Commission of any ruling so certified, the Examiner shall retain procedural control of the proceeding. Unless otherwise ordered, these Rules of Practice and Procedure shall apply to all proceedings conducted by Hearing Examiners in like manner as proceedings conducted by the Commission.

PART VIII
FORMAL HEARING

8:1. *Official Transcript of Hearing.* The official transcript of a formal hearing before the Commission shall be the transcript of the stenographic notes taken at the hearing by the Commission's regularly-employed court reporter and certified by him as a true and correct transcript of said proceeding. In the absence of the Commission's regular court reporter, the Commission will arrange for a suitable substitute whose certified transcript will be recognized as the official record. Parties desiring to purchase copies of the transcript of record shall make arrangement therefor directly with the Commission's reporter or substitute reporter. Stenographic notes are not transcribed unless specifically requested by the Commission or by some party in interest who wishes to purchase same. When the testimony is transcribed, a copy thereof is always lodged with the Clerk where it is available for public inspection. (In the event of appeal from the Commission action the full record must be certified by the Clerk.)

8:2. *Procedure at Hearing.* Except as otherwise provided in a particular case, hearings shall be conducted by and before the Commission substantially as follows:

(a) *Open the Hearing.* The presiding Commissioner shall call the hearing to order and thereafter shall give or cause to be given

(i) The title of the proceeding to be heard and its docket number;

(ii) The appearances of the parties, or their representatives, desiring to participate in the hearing which appearances shall be stated orally for the record and shall give the person's name, post office address, and the nature of his interest in the proceeding. Parties will not be permitted to appear "as one's interest may appear". Appearances will not be allowed for anyone who is not personally present and participating in the hearing. Interveners shall comply with Rule 4:7;

(iii) The introduction into the record of a copy of the notice stating the time, place and nature of the hearing, the date or dates such notice was given, and the method whereby it was served, together with any supporting affidavits which may be required;

(iv) A brief statement of the issues involved, or the nature and purpose of the hearing;

(v) Any motions, or other matters deemed appropriate by the presiding Commission, that should be disposed of prior to the taking of testimony; and

(vi) The presentation of evidence.

(b) *Order of Receiving Evidence.* Unless otherwise directed by the Commission, or unless provided for in special rules governing the particular case, direct evidence ordinarily will be received in the following order, followed by such rebuttal evidence as shall be necessary and proper:

(i) Upon Applications: (1) interveners, (2) applicant, (3) Commission's staff, (4) Division of Consumer Counsel, (5) protestants.

(ii) Upon Rules to Show Cause under Rule 4:11: (1) complainant, (2) Commission's staff, (3) Division of Consumer Counsel, (4) defendant.

(iii) Upon Hearing as provided under Rule 4:12: (1) Commission's staff, (2) Division of Consumer Counsel, (3) supporting interveners, (4) opposing interveners.

(iv) Upon Petition under Rule 3:4: (1) petitioner, (2) Commission's staff.

(c) *Exhibits.* Whenever exhibits are offered in evidence during a hearing, they will be received for identification and given an identifying number. All exhibits will be numbered consecutively beginning with the numeral "1", but will bear an identifying prefix such as "Applicant's", "Defendant's", "protestant's", the name or initials of the witness, etc. Exhibits will not be received in evidence until after cross-examination. Parties offering exhibits at the hearing (other than those whose size or physical character make it impractical) must be prepared to supply sufficient copies to provide one (1) each for the record, the court reporter, each Commissioner, and each Commission staff member and party or counsel actively participating in the hearing.

(d) *Cross-Examination and Rules of Evidence.* In all 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 this State. In all other proceedings, due regard shall be given to the technical and highly complicated subject matter the Commission must consider, and exclusionary rules of evidence shall not be used to prevent the receipt of evidence having substantial probative effect. Otherwise, effect shall be given to the rules of evidence recognized by the courts or record of this State. In all cases, cross-examination of witnesses shall first be by the Commission's counsel and then by the adverse parties, in such order as the Commission shall determine, limited as provided in PART IV hereof.

Ordinarily, cross-examination of a witness shall follow immediately after the direct examination. However, the Commission , as its discretion, may allow the cross-examination to be deferred until later in the hearing or postponed to a subsequent date. Repetitious cross-examination will not be allowed.

8:3. *Cumulative Evidence.* Evidence offered by a party may be excluded whenever in the opinion of the Commission such evidence is so repetitious and cumulative as to unnecessarily burden the record without materially adding to its probative qualtities. When a number of interveners present themselves at any hearing to testify to the same effect so that the testimony of the several witnesses would be substantially the same, the Commission may, at its discretion, cause one of such witnesses to testify under oath and all other witnesses to adopt under oath such testimony of the first witness. However, the proper parties shall have the right to cross-examine any witnesses who adopts the testimony of another and does not personally testify in detail.

8:4. *Judicial Notice.* The Commission will take judicial notice of such matters as may be judicially noticed by the court of this State, and the practice with reference thereto shall be the same before the Commission as before a court. In addition the Commission will take judicial notice of its own decisions, but not of the facts on which the decision was based.

8:5. *Prepared Statements.* A witness may read into the record as his testimony statements of fact prepared by him, or written answers to questions of counsel; provided, such statements or answers shall not include argument. At the discretion of the Commission, such statements or answers may be received in evidence as an exhibit to the same extent and in the same manner as other exhibits concerning factual matters. In all cases, before any such testimony is read or offered in evidence, one (1) copy each thereof shall be furnished for the record, the court reporter, each Commissioner, Commission staff member and party or counsel actively participating in the hearing. The admissibility of all such written statements or answers shall be subject to the same rules as if such testimony were offered in the usual manner.

8:6. *Objections.* Rule 5:21 of the Rules of the Supreme Court of Virginia declares that error will not be sustained to any ruling below unless the objection was stated with reasonable certainty at the time of the ruling, except for good cause shown or to enable the Court to attain the ends of justice.

8:7. *Oral Arguments.* The Commission at any formal hearing may require or allow oral argument on any issue presented for decision. In adversary proceedings thirty (30) minutes ordinarily will be allowed each side for oral argument; provided, however, the Commission may allow more or less time for such argument. The Commission may require, or grant requests for, oral argument on questions arising prior or subsequent to a formal hearing and fix the time and place for such argument. In all cases the Commission may limit the questions on which oral argument will be heard.

8:8. *Briefs.* Written briefs may be required or allowed at the discretion of the Commission. The time for filing briefs shall be fixed at the time they are required or authorized. For the purpose of expediting any proceeding wherein briefs are to be filed, the parties may be required to file their respective briefs on the same date, and, unless otherwise ordered by the Commission, reply briefs will not then be permitted or received. The time for filing reply briefs, if any, will be fixed by the Commission. Briefs should conform to the standards prescribed by Rule 5:33, Rules of the Supreme Court of Virginia. Five (5) copies shall be filed with the Clerk, unless otherwise ordered, and three (3) copies each shall be mailed or delivered to all other parties on or before the day on which the brief is filed. One or more counsel representing one party, or more than one party, shall be considered as one party.

8:9. *Petition for Rehearing or Reconsideration.* All final judgments, orders and decrees of the Commission, except judgments as prescribed by Code § 12.1-36, and except as provided in Code §§ 13.1-614 and 13.1-813, shall remain under the control of the Commission and subject to be modified or vacated for twenty-one (21) days after the date of entry, and no longer. A petition for a rehearing or reconsideration must be filed within said twenty-one (21) days, but the filing thereof will not suspend the execution of the judgment, order or decree, nor extend the time for taking an appeal, unless the Commission, solely at its discretion, within said twenty-one (21) days, shall provide for such suspension in an order or decree granting the petition. A petition for rehearing or reconsideration must be served on all other parties as provided by Rule 5:12, but no response to the petition, or oral argument thereon, will be entertained by the Commission. An order granting a rehearing or reconsideration will be served on all parties by the Clerk.

8:10. *Appeals Generally.* Any final finding, decision settling the substantive law, order, or judgment of the Commission may be appealed only to the Supreme Court of Virginia, subject to Code §§ 12.1-39, *et seq.*, and to Rule 5:21 of that Court. Suspension of Commission judgment, order or decree pending decision of appeal is governed by Code § 8.01-676.

Adopted: September 1, 1974
Revised: May 1, 1985 by Case No. CLK850262
Revised: August 1, 1986 by Case No. CLK860572

LEADING MATTERS DISPOSED OF BY FORMAL ORDERS

BUREAU OF FINANCIAL INSTITUTIONS

CASE NO. BAN19960506
JANUARY 23, 1997

APPLICATION OF
C. RICHARD BELL

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came C. Richard Bell, Middle River, Maryland, and filed his application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of Capitol Mortgage Bankers, Inc. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of Capitol Mortgage Bankers, Inc. by C. Richard Bell and orders that this matter be placed among the ended cases.

CASE NO. BAN19960889
MARCH 21, 1997

APPLICATION OF
GUARANTY FINANCIAL CORPORATION

Pursuant to Title 6.1, Chapter 13, Code of Virginia

ORDER GIVING NOTICE OF INTENT NOT TO DISAPPROVE AN ACQUISITION

ON A FORMER DAY came Guaranty Financial Corporation and filed its application, as required by Virginia Code Section 6.1-383.1, to acquire 100 percent of the voting shares of Guaranty Bank (in organization), Albemarle County, Virginia. The application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-383.1, and it finds further that no reasonable basis exists for taking any of the other actions permitted the Commission by the provisions of Section 6.1-383.2 of the Code.

THEREFORE, the Commission hereby issues this notice of its intent not to disapprove the acquisition of 100 percent of the voting shares of Guaranty Bank by Guaranty Financial Corporation, provided that the acquisition takes places within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. It is ordered that this matter be placed among the ended cases.

CASE NO. BAN19960890
MARCH 21, 1997

APPLICATIONS OF
GUARANTY BANK (in organization)

For a certificate of authority to begin a banking business at 1658 State Farm Boulevard, Albemarle County, Virginia, and for approval of a merger

ORDER GRANTING A CERTIFICATE OF AUTHORITY AND APPROVING A MERGER

Guaranty Bank, a state bank in organization, filed an application pursuant to Virginia Code Sections 6.1-13 and 6.1-194.40 to begin a banking business at 1658 State Farm Boulevard, Albemarle County, Virginia, upon the merger into Guaranty Bank of Guaranty Savings & Loan, F.A. The

proposed state bank sought authority to operate four branches. The application was referred to the Commissioner of Financial Institutions for investigation.

The Commissioner reports that the applicant was formed to effect the conversion to a state bank of Guaranty Savings & Loan, F.A., a federal savings and loan having its main office at 1658 State Farm Boulevard, Albemarle County, Virginia, three branch offices and one authorized, unopened branch office, and total assets of some $116 million. The report of the Commissioner concludes that the applicant meets the requirements of Code Section 6.1-13 and recommends approval of the application.

Having considered the application and the report of the Commissioner of Financial Institutions, the Commission finds: (1) that all applicable provisions of law have been complied with; (2) that capital sufficient to warrant successful operation will be provided; (3) that the oaths of directors have been duly taken; (4) that the public interest will be served by the proposed additional banking facilities; (5) that the applicant was formed for no reason other than to conduct a legitimate banking business; (6) that the moral fitness, financial responsibility, and business qualifications of the applicant's officers and directors are such as to command the confidence of the community; and (7) that the bank's deposits will be insured by the Federal Deposit Insurance Corporation.

Accordingly, IT IS ORDERED THAT a certificate of authority to do a banking business as a state bank with its main office at 1658 State Farm Boulevard, Albemarle County, Virginia, be issued, and a certificate is hereby issued to Guaranty Bank, subject to the following conditions: (1) that the applicant get shareholder approval and all other necessary regulatory approval of the conversion; (2) that the applicant obtain insurance of its deposit accounts by the Federal Deposit Insurance Corporation; (3) that the bank have initial capital stock of $2 million and surplus and a reserve for operation of not less than $8,813,484; and (4) that the applicant notify the Bureau on the date on which it commences business as a state bank. In the event the applicant does not fulfill the foregoing conditions, the authority granted herein will expire six months from this date, unless the six month period is extended by Order of the Commission.

IT IS FURTHER ORDERED that the merger of Guaranty Savings & Loan, F.A. into Guaranty Bank is approved, effective upon the issuance by the Clerk of a certificate of merger. In accordance with Virginia Code Section 6.1-194.40, Guaranty Bank will be authorized to operate the following branch offices: 1700 Seminole Trail, Albemarle County, Virginia; 520 East Main Street, City of Charlottesville, Virginia; 1924 Arlington Boulevard, City of Charlottesville, Virginia; and southeast corner of the intersection of Neff Avenue and Reservoir Street, City of Harrisonburg, Virginia. The bank will have one year thereafter to conform its assets and operations to the laws governing banks.

CASE NO. BAN19960962
MARCH 6, 1997

APPLICATION OF
FIRST-CITIZENS BANK, A VIRGINIA CORPORATION

For a certificate of authority to begin business as a bank at 3601 Thirlane Road, City of Roanoke, Virginia

ORDER GRANTING A CERTIFICATE

First-Citizens Bank, a Virginia corporation, applied for a certificate of authority, pursuant to Chapter 2, Title 6.1 of the Code of Virginia, to begin business as a bank at 3601 Thirlane Road, City of Roanoke, Virginia. The application was referred to the Bureau of Financial Institutions for investigation.

The Bureau's report of investigation states that First-Citizens Bank, a Virginia corporation, is being organized for the primary purpose of engaging in a significant multi-state credit card operation. The bank will be owned by First Citizens BancShares, Inc., an out-of-state bank holding company, and First Citizens Bank & Trust Company (North Carolina), in accordance with Chapter 14 of Title 6.1 of the Code.

Now having considered the application herein and the Bureau's report of investigation, the Commission ascertains and finds: (1) that all provisions of law have been complied with; (2) that financially responsible individuals have subscribed for capital stock, surplus, and a reserve for operation in amounts deemed sufficient to warrant successful operation, (3) that the oaths of all directors have been taken and filed in accordance with Code § 6.1-48; and (4) that the moral fitness, financial responsibility, and business qualifications of those named as officers and directors of the proposed bank are such as to command the confidence of the community in which the bank is proposed to be located. And the Commission finds that the application should be granted.

THEREFORE IT IS ORDERED that a certificate of authority to do a banking business at 3601 Thirlane Road, City of Roanoke, Virginia be issued to First-Citizens Bank, a Virginia corporation, and a certificate of authority hereby is issued, subject to applicant's meeting the following conditions before the bank opens for business: (1) that capital funds totaling at least $12 million be paid into the bank, allocated at a minimum as follows: $6 million to capital stock, and $6 million to surplus and reserve for operation; (2) that the applicant receive the Commissioner of Financial Institutions' approval of its chief executive officer; and (3) that the bank notify the Commissioner of the date it opens for business.

The authority granted herein shall expire one year from this date; however, the Commission may extend this authority prior to its expiration.

CASE NOS. BAN19970023 and BAN19970024
FEBRUARY 27, 1997

APPLICATIONS OF
CRESTAR BANK

To merge with Citizens Bank of Maryland and Citizens Bank of Washington, N.A.

Crestar Bank has applied pursuant to Virginia Code Section 6.1-44.17 to merge with Citizens Bank of Maryland and Citizens Bank of Washington, N.A. All three are wholly-owned subsidiaries of Crestar Financial Corporation. Crestar Bank will be the resulting bank in the mergers. The resulting institution will have equity capital of some $1.6 billion consisting of capital stock of $172,572,000 and surplus and a reserve for operation of not less than $1,394,715,000. The applications were referred to the Bureau of Financial Institutions for investigation.

Upon consideration of the applications and the report of the Bureau, the Commission finds that the proposed mergers will not be detrimental to the safety and soundness of the applicant and will be in the public interest. The officers and directors of the resulting bank have the qualifications prescribed by law. Furthermore, the Commission finds that the laws of Maryland and the District of Columbia permit interstate merger transactions. (Interstate mergers of Virginia banks are authorized by Article 5.2 of Chapter 2, Title 6.1, Code of Virginia.)

ACCORDINGLY, IT IS ORDERED THAT the applications of Crestar Bank to merge with Citizens Bank of Maryland and Citizens Bank of Washington, N.A. are approved, subject to the following conditions: (1) that the applicant comply with the Virginia Stock Corporation Act and receive all other necessary regulatory approvals, and (2) that the mergers be accomplished within one year. The mergers will be effective upon the issuance by the Clerk of a certificate of merger. The resulting bank, which will have its main office at 919 East Main Street, City of Richmond, Virginia, shall be authorized to maintain and operate, in addition to the current Virginia branches and facilities of Crestar Bank, the offices and facilities in Maryland and Virginia that have been operated by Citizens Bank of Maryland prior to the mergers, and the offices in Washington, D.C. operated by Citizens Bank of Washington, N.A. prior to the mergers. The authorized offices of the merging banks are listed in Attachment A.

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

CASE NO. BAN19970051
APRIL 21, 1997

APPLICATION OF
HFS INCORPORATED

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came HFS Incorporated, Parsippany, New Jersey, and filed its application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of PHH Mortgage Services Corporation. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of PHH Mortgage Services Corporation by HFS Incorporated, provided that the acquisition takes places within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. It is ordered that this matter be placed among the ended cases.

CASE NO. BAN19970149
APRIL 11, 1997

APPLICATION OF
VIVIAN S. MOSER

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came Vivian S. Moser, Woodbridge, Virginia, and filed her application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of 1st Innovative Mortgage Corporation. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of 1st Innovative Mortgage Corporation by Vivian S. Moser, provided that the acquisition takes places within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. It is ordered that this matter be placed among the ended cases.

CASE NO. BAN19970212
MAY 9, 1997

APPLICATION OF
FIRST VIRGINIA BANKS, INC.

Pursuant to Title 6.1, Chapter 13, Code of Virginia

ORDER GIVING NOTICE OF INTENT NOT TO DISAPPROVE AN ACQUISITION

ON A FORMER DAY came First Virginia Banks, Inc., a Virginia Corporation and filed its application, as required by Virginia Code Section 6.1-383.1, to acquire 100 percent of the voting shares of Premier Bankshares Corporation, Bluefield, Virginia. Thereupon the application was referred to the Bureau of Financial Institutions.

Having considered the application and the report of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-383.1, and it finds further that no reasonable basis exists for taking any of the other actions permitted the Commission by the provisions of Section 6.1-383.2 of the Code.

THEREFORE, the Commission hereby issues this notice of its intent not to disapprove the acquisition of 100 percent of the voting shares of Premier Bankshares Corporation by First Virginia Banks, Inc. provided the acquisition becomes effective within twelve months from this date, unless extended, and further provided the Bureau of Financial Institutions is notified, in writing, within ten days of the effective date of the acquisition. The Commission orders that this matter be placed among the ended cases.

CASE NO. BAN19970215
APRIL 4, 1997

APPLICATION OF
FCFT, INC.

Pursuant to Section 6.1-406 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came FCFT, Inc. and filed its notice, as required by the Virginia Code Section 6.1-406, to acquire Blue Ridge Bank, Sparta, North Carolina. The application was referred to the Bureau of Financial Institutions.

Having considered the aforesaid notice and the report herein of the Bureau of Financial Institutions, the Commission is of the opinion and finds that the proposed acquisition will not affect detrimentally the safety or soundness of any Virginia bank. Therefore the Commission hereby approves the acquisition of Blue Ridge Bank by FCFT, Inc., provided that the acquisition takes place within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. This matter shall be placed among the ended cases.

CASE NO. BAN19970245
MAY 19, 1997

APPLICATION OF
THE GEORGE MASON BANK

To merge with George Mason Bank, National Association

The George Mason Bank, Fairfax, Virginia, has applied pursuant to Virginia Code Section 6.1-44.17 to merge with George Mason Bank, National Association, Bethesda, Maryland. Both banks are wholly-owned subsidiaries of George Mason Bankshares, Inc., Fairfax, Virginia. The George Mason Bank will be the resulting bank in the merger. The resulting institution will have equity capital of some $56.6 million consisting of capital stock of $1,430,000 and surplus and a reserve for operation of not less than $55,144,000. The application was referred to the Bureau of Financial Institutions for investigation.

Upon consideration of the application and the report of the Bureau, the Commission finds that the proposed merger will not be detrimental to the safety and soundness of the applicant and will be in the public interest. The officers and directors of the resulting bank have the qualifications prescribed by law. Furthermore, the Commission finds that the laws of Maryland permit interstate merger transactions. (Interstate mergers of Virginia banks are authorized by Article 5.2 of Chapter 2, Title 6.1, Code of Virginia.)

ACCORDINGLY, IT IS ORDERED THAT the application of The George Mason Bank to merge with George Mason Bank, National Association is approved, subject to the following conditions: (1) that the applicant comply with the Virginia Stock Corporation Act and receive all other necessary regulatory approvals, and (2) that the merger be accomplished within one year. The merger will be effective upon the issuance by the Clerk of a certificate of merger. The resulting bank, which will have its main office at 11185 Main Street, City of Fairfax, Virginia, shall be authorized to maintain and operate, in addition to the current Virginia branches and facilities of The George Mason Bank, the offices and facilities in Maryland and Washington, D.C. operated by George Mason Bank, National Association prior to the merger. The authorized offices of the merging banks are listed in Attachment A.

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

CASE NO. BAN19970255
AUGUST 5, 1997

APPLICATION OF
ALAN SHOEMAKER

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came Alan Shoemaker, Dunkirk, Maryland, and filed his application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of Colonial Mortgage Group, L.L.C. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of Colonial Mortgage Group, L.L.C. by Alan Shoemaker and orders that this matter be placed among the ended cases.

CASE NO. BAN19970256
AUGUST 5, 1997

APPLICATION OF
CHRIS KIRCHNER

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came Chris Kirchner, Germantown, Maryland, and filed his application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of Colonial Mortgage Group, L.L.C. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of Colonial Mortgage Group, L.L.C. by Chris Kirchner and orders that this matter be placed among the ended cases.

CASE NO. BAN19970257
AUGUST 5, 1997

APPLICATION OF
MICHAEL JOSEPH

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came Michael Joseph, Rockville, Maryland, and filed his application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of Colonial Mortgage Group, L.L.C. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of Colonial Mortgage Group, L.L.C. by Michael Joseph and orders that this matter be placed among the ended cases.

CASE NO. BAN19970262
MAY 13, 1997

APPLICATION OF
BAY BANKS OF VIRGINIA, INC.

Pursuant to Title 6.1, Chapter 13, Code of Virginia

ORDER GIVING NOTICE OF INTENT NOT TO DISAPPROVE AN ACQUISITION

ON A FORMER DAY came Bay Banks of Virginia, Inc., a Virginia corporation, and filed its application, as required by Virginia Code Section 6.1-383.1, to acquire 100 percent of the voting stock of Bank of Lancaster, Kilmarnock, Virginia. Thereupon the application was referred to the Bureau of Financial Institutions.

Having considered the application and the report of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-383.1, and it finds further that no reasonable basis exists for taking any of the other actions permitted the Commission by the provisions of Section 6.1-383.2 of the Code.

THEREFORE, the Commission hereby issues this notice of its intent not to disapprove the acquisition of 100 percent of the voting stock of Bank of Lancaster by Bay Banks of Virginia, Inc. provided that the acquisition becomes effective within twelve months from this date, unless extended, and further provided the Bureau of Financial Institutions is notified, in writing, within ten days of the effective date of the acquisition. The Commission orders that this matter be placed among the ended cases.

CASE NO. BAN19970307
JUNE 19, 1997

APPLICATION OF
FIRST VIRGINIA BANK - SOUTHWEST

For a certificate of authority to: (1) do a banking and trust business upon the merger of First Virginia Bank - Highlands into First Virginia Bank - Southwest under the charter and title of First Virginia Bank - Southwest; and (2) operate the former main office and branches of the now First Virginia Bank - Highlands

ON A FORMER DAY came First Virginia Bank - Southwest, the surviving bank in a proposed merger with First Virginia Bank - Highlands, and subject to the issuance by the Commission of a certificate of merger of said banks, applied to the Commission for (1) a certificate of authority to do a banking and trust business at 6625 Williamson Road, N.W., City of Roanoke, Virginia, and elsewhere in this State as it may now or hereafter be authorized by law; and (2) authority to operate the main office and branches of the now First Virginia Bank -Highlands at the following locations: (1) 450 West Main Street, City of Covington, Virginia; (2) Main Street, Hot Springs, Bath County, Virginia; and (3) Mallow Mall Shopping Center, Allegheny County, Virginia as branch offices. Thereupon the application was referred to the Commissioner of Financial Institutions for investigation and report.

AND THE COMMISSION, having considered the application herein and the recommendation of the Commissioner of Financial Institutions with respect thereto, is of the opinion that a certificate of authority to begin business as a bank and trust company should be issued to the applicant, effective upon the issuance by the Commission of a certificate of merger of First Virginia Bank - Highlands into First Virginia Bank - Southwest, and with respect thereto the Commission finds: (1) that all of the provisions of law with respect to said bank and its application for a certificate of authority to begin business have been complied with; (2) that the surviving bank's capital stock will be $11,300,000 and its surplus and reserve for operations will amount to not less than $39,394,000; (3) that, in its opinion, the public interest will be served by additional banking facilities in the community where the applicant is proposed to be; (4) that the oaths of all directors have been taken and filed in accordance with the provisions of Section 6.1-48 of the Code of Virginia; (5) that the bank was formed for no other reason than a legitimate banking and trust business; (6) that the moral fitness, financial responsibility and business qualifications of those named as officers and directors are such as to command the confidence of the community in which the bank is proposed to be located; and (7) that its deposits are to be insured by the Federal Deposit Insurance Corporation.

THE COMMISSION is further of the opinion and finds that, subject to the issuance by the Commission of a certificate of merger, the public interest will be served by authorizing the applicant, First Virginia Bank - Southwest, the surviving bank in such merger, to operate the main office and branches of the now First Virginia Bank - Highlands.

IT IS THEREFORE, ORDERED:

That effective upon the issuance by the Commission of a certificate of merger to First Virginia Bank - Southwest, the surviving bank in a proposed merger with First Virginia Bank - Highlands, a certificate be, and is hereby, granted to First Virginia Bank - Southwest authorizing it to do a banking and trust business at 6625 Williamson Road, N.W., City of Roanoke, Virginia and elsewhere in this State as authorized by law and to operate the main office and branches of the now First Virginia Bank - Highlands.

CASE NO. BAN19970331
JUNE 19, 1997

APPLICATION OF
COMMUNITY BANKSHARES INCORPORATED

Pursuant to Title 6.1, Chapter 13, Code of Virginia

ORDER GIVING NOTICE OF INTENT NOT TO DISAPPROVE AN ACQUISITION

ON A FORMER DAY came Community Bankshares Incorporated, a Virginia corporation, and filed its application, as required by Virginia Code Section 6.1-383.1, to acquire 100 percent of the voting stock of County Bank of Chesterfield, Midlothian, Virginia. Thereupon the application was referred to the Bureau of Financial Institutions.

Having considered the application and the report of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-383.1, and it finds further that no reasonable basis exists for taking any of the other actions permitted the Commission by the provisions of Section 6.1-383.2 of the Code.

THEREFORE, the Commission hereby issues this notice of its intent not to disapprove the acquisition of 100 percent of the voting stock of County Bank of Chesterfield by Community Bankshares Incorporated provided that the acquisition becomes effective within twelve months from this date, unless extended, and further provided the Bureau of Financial Institutions is notified, in writing, within ten days of the effective date of the acquisition. The Commission orders that this matter be placed among the ended cases.

CASE NOS. BAN19970371 and BAN19970372
JULY 16, 1997

APPLICATIONS OF
FIRSTCITY FINANCIAL CORPORATION

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came FirstCity Financial Corporation, a Delaware corporation, and filed its applications, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of Harbor Financial Mortgage Corporation and New America Financial Incorporated. Thereupon the applications were referred to the Bureau of Financial Institutions for investigation.

Having considered the applications and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of Harbor Financial Mortgage Corporation and New America Financial Incorporated by FirstCity Financial Corporation, provided that the acquisitions take place within one year from this date and the applicant notifies the Bureau of the effective dates within ten days thereof. It is ordered that these matters be placed among the ended cases.

CASE NO. BAN19970382
JULY 9, 1997

APPLICATION OF
JOSEPH E. DUNN

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came Joseph E. Dunn, South Hill, Virginia, and filed his application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of Superior Mortgage Corporation. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of Superior Mortgage Corporation by Joseph E. Dunn and orders that this matter be placed among the ended cases.

CASE NO. BAN19970404
JUNE 19, 1997

APPLICATION OF
BOTETOURT BANKSHARES, INC.

Pursuant to Title 6.1, Chapter 13, Code of Virginia

ORDER GIVING NOTICE OF INTENT NOT TO DISAPPROVE AN ACQUISITION

ON A FORMER DAY came Botetourt Bankshares, Inc. and filed its application, as required by Virginia Code Section 6.1-383.1, to acquire 100 percent of the voting shares of Bank of Botetourt. Thereupon the application was referred to the Bureau of Financial Institutions.

Having considered the application and the report of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-383.1, and it finds further that no reasonable basis exists for taking any of the other actions permitted the Commission by the provisions of Section 6.1-383.2 of the Code.

THEREFORE, the Commission hereby issues this notice of its intent not to disapprove the acquisition of 100 percent of the voting shares of Bank of Botetourt by Botetourt Bankshares, Inc., provided that the acquisition takes place within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. It is ordered that this matter be placed among the ended cases.

CASE NO. BAN19970419
JULY 14, 1997

APPLICATION OF
UNITED BANK, Arlington, Virginia

For a certificate of authority to do a banking business following a merger with Patriot National Bank and for authority to operate all the authorized offices of the merging banks

ORDER APPROVING THE MERGER

United Bank, a state-chartered bank with its main office at 3801 Wilson Boulevard, Arlington County, Virginia, has applied pursuant to Virginia Code Section 6.1-44 for a certificate of authority to do a banking business following a proposed merger with Patriot National Bank, Reston, Virginia. United Bank will be the surviving bank in the merger, and it seeks authority to operate the above main office and all the other currently-authorized offices of both banks. The authorized offices of the merging banks are listed in Attachment A. The application was referred to the Bureau of Financial Institutions for investigation.

AND THE COMMISSION, having considered the application herein and the report of the Bureau's investigation, is of the opinion that a certificate of authority should be issued to the applicant, and with respect to the application the Commission finds: (1) that all the provisions of law have been complied with; (2) that the surviving bank's capital stock will be $2,000,000, and its surplus and reserve for operations will be not less than $57,369,000; (3) that the public interest will be served by the applicant's banking facilities in the communities where the applicant proposes to be; (4) that the oaths of all directors have been taken and filed in accordance with Section 6.1-48; (5) that the bank will conduct a legitimate banking business; (6) that the moral fitness, financial responsibility and business qualifications of those named as officers and directors are such as to command the confidence of the community; and (7) that the bank's deposits will be insured by the Federal Deposit Insurance Corporation.

Furthermore, the Commission is of the opinion and finds that the public interest will be served by authorizing United Bank to operate its main office, its authorized branch office, and all the authorized offices of Patriot National Bank following the merger.

Accordingly, IT IS ORDERED THAT a certificate of authority to do a banking business at 3801 Wilson Boulevard, Arlington County, Virginia be granted to United Bank, and such a certificate is hereby granted, effective upon the Clerk's issuing a certificate of merger merging Patriot National Bank into United Bank. Following the merger, United Bank shall be authorized to operate the above main office and all the authorized offices of United Bank and Patriot National Bank, and such authority hereby is granted. The authority granted herein shall expire one year from this date, unless extended by Commission order prior to the expiration date.

There being nothing further to be done in this matter, it shall be placed among the ended cases.

CASE NO. BAN19970420
JULY 14, 1997

APPLICATION OF
UNITED BANKSHARES, INC., Charleston, West Virginia

To acquire First Patriot Bankshares Corporation and its subsidiary, Patriot National Bank, Reston, Virginia pursuant to Chapter 15 of Title 6.1 of the Virginia Code

ORDER APPROVING THE ACQUISITION

United Bankshares, Inc., a bank holding company headquartered in Charleston, West Virginia, filed an application pursuant to Chapter 15 of Title 6.1 of the Code of Virginia to acquire First Patriot Bankshares Corporation and Patriot National Bank, a Virginia bank (as defined in Va. Code Section 6.1-398) headquartered in Reston, Fairfax County, Virginia. The application was referred to the Bureau of Financial Institutions for investigation. Notice of the application was published in the Bureau's Weekly Information Bulletin dated May 23, 1997. No objection to the proposed acquisition was received.

Having considered the application and the report of the investigation of the Bureau, the Commission finds that (1) the proposed acquisition will not be detrimental to the safety and soundness of United Bankshares, Inc., First Patriot Bankshares Corporation or Patriot National Bank; (2) the applicant, and its officers and directors, are qualified by character, experience and financial responsibility to control and operate a Virginia bank; (3) the proposed acquisition will not be prejudicial to the interests of depositors, creditors, beneficiaries of fiduciary accounts or shareholders of United Bankshares, Inc., First Patriot Bankshares Corporation or Patriot National Bank; and (4) the acquisition is in the public interest. The Commission further finds that the prerequisite in Code Section 6.1-399, paragraph B.1, is met in this case, and that no condition, restriction, requirement or other limitation of the kind referred to in paragraph B.2 is present.

Therefore, the Commission hereby approves the application of United Bankshares, Inc. to acquire First Patriot Bankshares Corporation and Patriot National Bank. The authority granted herein shall expire one year from this date, unless extended by Commission order prior to the expiration date. This matter shall be placed among the ended cases.

CASE NO. BAN19970431
JULY 22, 1997

APPLICATION BY
INDEPENDENT COMMUNITY BANKSHARES, INC.

Pursuant to Title 6.1, Chapter 13, Code of Virginia

ORDER GIVING NOTICE OF INTENT
NOT TO DISAPPROVE AN ACQUISITION

ON A FORMER DAY came Independent Community Bankshares, Inc. (Middleburg, Virginia) and applied, as required by Va. Code § 6.1-383.1, to acquire 100 percent of the voting shares of The Tredegar Trust Company (Richmond, Virginia), which will simultaneously be merged with TTC Acquisition Subsidiary, Inc., an interim subsidiary trust company (as defined in § 6.1-32.2, Article 3.1 of the Banking Act). The application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites of Code § 6.1-383.1, and that no reasonable basis exists for taking any of the other actions permitted by § 6.1-383.2 of the Code.

THEREFORE, the Commission hereby issues this notice of its intent not to disapprove the acquisition of 100 percent of the voting shares of The Tredegar Trust Company by Independent Community Bankshares, Inc. This matter shall be placed among the ended cases.

CASE NO. BAN19970432
JULY 22, 1997

APPLICATION BY
TTC ACQUISITION SUBSIDIARY, INC.

For a certificate of authority as a subsidiary trust company

ORDER GRANTING A CERTIFICATE
OF AUTHORITY AND APPROVING A MERGER

TTC Acquisition Subsidiary, Inc., a subsidiary trust company in organization, filed an application under Article 3.1 of the Banking Act to begin business as a trust subsidiary of Independent Community Bankshares, Inc., upon the merger of TTC Acquisition Subsidiary, Inc. with The Tredegar Trust Company, an Article 3.2 trust company. The application was referred to the Bureau of Financial Institutions for investigation.

The Bureau reports that the applicant is an interim organization, formed only as a means of effecting the acquisition through merger of The Tredegar Trust Company by Independent Community Bankshares, Inc., a Virginia bank holding company headquartered in Middleburg (Loudoun County), Virginia. The resulting subsidiary trust company will have the powers afforded by, will operate under and be subject to the restrictions of Article 3.1 of the Banking Act. The Bureau concludes that the proposed merger is legally permissible, and that the resulting trust subsidiary meets the requirements of Article 3.1, and the Bureau recommends approval of the application for a certificate of authority and the merger.

Having considered the application and the report of the Bureau's investigation, the Commission finds that (1) TTC Acquisition Subsidiary, Inc. is properly organized under the Virginia Stock Corporation Act for the purpose of conducting a trust business and business incidental thereto as defined in Code § 6.1-32.5; (2) all the outstanding shares of the proposed trust subsidiary will be owned by a Virginia bank holding company; (3) the officers and directors of the proposed trust subsidiary meet the criteria of Code §§ 6.1-32.4 and 6.1-32.5, and the proposed trust subsidiary is capable of complying with applicable laws; and (4) the capital and surplus of the proposed trust subsidiary is at least $200,000.

Accordingly, IT IS ORDERED THAT a certificate of authority be issued to TTC Acquisition Subsidiary, Inc., and such a certificate is hereby issued, subject to the following condition: the simultaneous merger of TTC Acquisition Subsidiary, Inc., and The Tredegar Trust Company, which merger is hereby approved. The resulting subsidiary trust company of Independent Community Bankshares, Inc., bearing the name, "The Tredegar Trust Company", shall have, on and after the date of the merger, all powers granted a trust subsidiary according to Va. Code § 6.1-32.5. The Tredegar Trust Company shall then operate in accordance with -- and be subject to -- the requirements of Article 3.1 of the Code, and shall cease to operate as an Article 3.2 trust company and relinquish its certificate of authority as such. The resulting trust subsidiary shall be authorized to operate at 901 East Byrd Street, Suite 190, City of Richmond, Virginia and at each authorized office of its affiliate bank.

The merger approved herein shall be effective upon the issuance by the Clerk of a certificate merging TTC Acquisition Subsidary, Inc. and The Tredegar Trust Company. There being nothing further to be done in this matter, this case shall be placed among the ended cases.

CASE NO. BAN19970457
JULY 15, 1997

APPLICATION OF
NALINI BOURI

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came Nalini Bouri, Potomac, Maryland, and filed her application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of American Realty Mortgage, Inc. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of American Realty Mortgage, Inc. by Nalini Bouri, provided that the acquisition takes place within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. It is ordered that this matter be placed among the ended cases.

CASE NO. BAN19970478
AUGUST 5, 1997

APPLICATION OF
YUVRAJ S. SIDHU

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came Yuvraj S. Sidhu, Silver Spring, Maryland, and filed his application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of Global Mortgage Network Inc. t/a Metro Capital Corp. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of Global Mortgage Network Inc. t/a Metro Capital Corp. by Yuvraj S. Sidhu, provided that the acquisition takes place within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. This matter shall be placed among the ended cases.

CASE NO. BAN19970601
AUGUST 12, 1997

APPLICATION OF
PAUL G. BONGIORNO

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came Paul G. Bongiorno, Herndon, Virginia, and filed his application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of RBO Funding, Inc. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of RBO Funding, Inc. by Paul G. Bongiorno and orders that this matter be placed among the ended cases.

CASE NO. BAN19970614
AUGUST 18, 1997

APPLICATION OF
RESOURCE BANK

To merge with Eastern American Bank FSB

Resource Bank, a state bank, applied pursuant to § 6.1-194.40 of the Code of Virginia to merge with Eastern American Bank FSB, a federal savings institution. The application was referred to the Bureau of Financial Institutions for investigation.

Upon consideration of the application and the report of investigation of the Bureau, the Commission is of the opinion and finds that the merger of Eastern American Bank FSB into Resource Bank should be approved. In connection with the application, the Commission finds that the resulting entity, Resource Bank, will do business as a bank, and that as the resulting bank, Resource Bank meets the standards established by § 6.1-13 of the Code of Virginia.

ACCORDINGLY, IT IS ORDERED that the application of Resource Bank to merge with Eastern American Bank FSB is approved subject to the following condition: that prior to the merger, Eastern American Bank FSB sell its McLean, Virginia branch office. The resulting bank, which will continue to have its main office at 3720 Virginia Beach Boulevard, City of Virginia Beach, Virginia, may operate as branches only the following offices of Eastern American Bank FSB: (1) 698 Elden Street, Herndon, Fairfax County, Virginia and (2) 1498 North Point Village Court, Reston, Fairfax County, Virginia. Within one year of the merger, as provided by law, the resulting bank shall conform its assets and operations to the provisions of law regulating the operation of banks.

The merger approved by this order shall be effective, following the sale of the McLean branch, upon the issuance by the Clerk of a certificate merging Eastern American Bank FSB into Resource Bank.

CASE NO. BAN19970651
SEPTEMBER 22, 1997

APPLICATION OF
FIRST VIRGINIA BANK - SOUTHWEST, Roanoke, Virginia

For a certificate of authority to do a banking and trust business following a merger with Premier Bank-South, N.A. and for authority to operate all the authorized offices of the merging banks

ORDER APPROVING THE MERGER

First Virginia Bank - Southwest, a state-chartered bank with its main office at 6625 Williamson Road, N.W., City of Roanoke, Virginia, has applied pursuant to Virginia Code Section 6.1-44 for a certificate of authority to do a banking and trust business following a proposed merger with Premier Bank-South, N.A., Wytheville, Virginia. First Virginia Bank - Southwest will be the surviving bank in the merger, and it seeks authority to operate the above main office and all the other currently-authorized offices of both banks. The offices of Premier Bank-South, N.A. are listed in Attachment A. The application was referred to the Bureau of Financial Institutions for investigation.

AND THE COMMISSION, having considered the application herein and the report of the Bureau's investigation, is of the opinion that a certificate of authority should be issued to the applicant, and with respect to the application the Commission finds: (1) that all the provisions of law have been complied with; (2) that the surviving bank's capital stock will be $14,300,000 and its surplus and reserve for operations will be not less than $60,833,000; (3) that the public interest will be served by the applicant's banking facilities in the communities where the applicant proposed to be; (4) that the oaths of all directors have been taken and filed in accordance with Section 6.1-48; (5) that the bank will conduct a legitimate banking business; (6) that

the moral fitness, financial responsibility and business qualifications of those named as officers and directors are such as to command the confidence of the community; and (7) that the bank's deposits will be insured by the Federal Deposit Insurance Corporation.

Furthermore, the Commission is of the opinion and finds that the public interest will be served by authorizing First Virginia Bank - Southwest to operate its main office, its authorized branch office, and all the authorized offices of Premier Bank-South N.A. following the merger.

Accordingly, IT IS ORDERED THAT a certificate of authority to do a banking and trust business at 6625 Williamson Road, N.W., City of Roanoke, Virginia be granted to First Virginia Bank - Southwest, and such a certificate is hereby granted, effective upon the Clerk's issuing a certificate of merger merging Premier Bank-South, N.A. into First Virginia Bank - Southwest. Following the merger, First Virginia Bank - Southwest shall be authorized to operate the above main office and all of the authorized offices of First Virginia Bank - Southwest and Premier Bank-South N.A., and such authority hereby is granted. The authority granted herein shall expire one year from this date, unless extended by Commission order prior to the expiration date.

There being nothing further to be done in this matter, it shall be placed among the ended cases.

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

CASE NO. BAN19970699
OCTOBER 6, 1997

APPLICATION OF
CUC INTERNATIONAL, INC.

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came CUC International, Inc. Stamford, Connecticut, and filed its application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of PHH Mortgage Services Corporation. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of PHH Mortgage Services Corporation by CUC International, Inc. provided that the acquisition takes place within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. This matter shall be placed among the ended cases.

CASE NO. BAN19970714
SEPTEMBER 25, 1997

APPLICATION OF
BB&T CORPORATION, Winston-Salem, North Carolina

To acquire Virginia First Financial Corporation

ORDER OF APPROVAL

ON A FORMER DAY BB&T Corporation ("BB&T") applied pursuant to Article 11 of Chapter 3.01 of Title 6.1 of the Code of Virginia to acquire Virginia First Financial Corporation ("VFFC"). BB&T is an out-of-state savings institution holding company within the meaning of Section 6.1-194.96. VFFC is a savings institution holding company, the parent of Virginia First Savings Bank, F.S.B., a Virginia savings institution headquartered in Petersburg, Virginia. The application was referred to the Bureau of Financial Institutions for investigation, and notice of the application was published in the Bureau's Weekly Information Bulletin dated August 15, 1997. No objection to the proposed acquisition was received.

Having considered the relevant statutes of Virginia and North Carolina and the report of the Bureau's investigation herein, the Commission is of the opinion and finds that the statutory prerequisite to approval of the application set forth in subsection B of Section 6.1-194.97 is met, namely: Virginia First Savings Bank, F.S.B. has been in existence and continuously operating for more than two years.

Furthermore, the Commission determines, pursuant to Section 6.1-194.99, that (1) the proposed acquisition would not be detrimental to the safety or soundness of the applicant or VFFC; (2) the applicant, its officers and directors, are qualified by character, experience, and financial responsibility to control and operate a Virginia savings institution; (3) the proposed acquisition would not be prejudicial to the interests of depositors, creditors, beneficiaries of fiduciary accounts, or shareholders of the applicant or of Virginia First Savings Bank, F.S.B.; and (4) the acquisition is in the public interest. Therefore, the Commission hereby approves the acquisition of Virginia First Financial Corporation by BB&T Corporation.

There being nothing further to be done in this matter, it shall be placed among the ended cases.

CASE NO. BAN19970723
OCTOBER 2, 1997

APPLICATION OF
ABIGAIL ADAMS NATIONAL BANCORP, INC., Washington, D.C.

To acquire Ballston Bancorp, Inc., Washington, D.C., and its subsidiary, The Bank of Northern Virginia, Arlington, Virginia, pursuant to Chapter 15 of Title 6.1 of the Virginia Code

ORDER APPROVING THE ACQUISITION

Abigail Adams National Bancorp, Inc., a bank holding company headquartered in Washington, D.C., filed an application pursuant to Chapter 15 of Title 6.1 of the Code of Virginia to acquire Ballston Bancorp, Inc., Washington, D.C., and The Bank of Northern Virginia, a Virginia bank (as defined in Va. Code Section 6.1-398) headquartered in Arlington County, Virginia. The application was referred to the Bureau of Financial Institutions for investigation. Notice of the application was published in the Bureau's Weekly Information Bulletin dated August 22, 1997. No objection to the proposed acquisition was received.

Having considered the application and the report of the investigation of the Bureau, the Commission finds that (1) the proposed acquisition will not be detrimental to the safety and soundness of Abigail Adams National Bancorp, Inc., Ballston Bancorp, Inc. or The Bank of Northern Virginia; (2) the applicant, and its officers and directors, are qualified by character, experience and financial responsibility to control and operate a Virginia bank; (3) the proposed acquisition will not be prejudicial to the interests of depositors, creditors, beneficiaries of fiduciary accounts or shareholders of Abigail Adams National Bancorp, Inc., Ballston Bancorp, Inc. or The Bank of Northern Virginia; and (4) the acquisition is in the public interest. The Commission further finds that the prerequisites set forth in subsection A of Section 6.1-399 of the Code of Virginia are met in this case, and that no condition, restriction, requirement or other limitation of the kind referred to in subdivision A 4 of Section 6.1-399 is present.

Therefore, the Commission hereby approves the application of Abigail Adams National Bancorp, Inc. to acquire Ballston Bancorp, Inc. and The Bank of Northern Virginia. The authority granted herein shall expire one year from this date, unless extended by Commission order prior to the expiration date. This matter shall be placed among the ended cases.

CASE NO. BAN19970731
SEPTEMBER 16, 1997

APPLICATION OF
THE MARINE BANCORP, INC.

Pursuant to Chapter 13 of Title 6.1 of the Code of Virginia

ORDER GIVING NOTICE OF INTENT NOT TO DISAPPROVE AN ACQUISITION

ON A FORMER DAY The Marine BanCorp, Inc., a Virginia corporation, applied as required by § 6.1-383.1 of the Code of Virginia to acquire 100 percent of the voting stock of The Marine Bank, Chincoteague, Virginia. The application was referred to the Bureau of Financial Institutions.

Having considered the application and the report of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in § 6.1-383.1 of the Code, and it finds further that no reasonable basis exists for taking any of the other actions permitted the Commission by § 6.1-383.2.

THEREFORE, the Commission hereby issues this notice of its intent not to disapprove the acquisition of 100 percent of the voting stock of The Marine Bank by The Marine BanCorp, Inc. provided that the acquisition becomes effective within twelve months from this date, unless extended, and further provided the Bureau of Financial Institutions is notified, in writing, within ten days of the effective date of the acquisition. The Commission orders that this matter be placed among ended cases.

CASE NOS. BAN19970733 and BAN19970734
SEPTEMBER 25, 1997

APPLICATIONS OF
CRESTAR FINANCIAL CORPORATION

To acquire 100 percent of the voting stock of American National Savings Bank, F.S.B.

and

CRESTAR BANK

To merge into itself American National Savings Bank, F.S.B.

ORDER APPROVING THE ACQUISITION AND MERGER

Crestar Financial Corporation, a Virginia bank holding company, applied pursuant to § 6.1-194.40 of the Code of Virginia to acquire 100 percent of the voting stock of American National Savings Bank, F.S.B., and Crestar Bank, a state bank, applied to merge into itself American National Savings Bank, F.S.B. The applications were referred to the Bureau of Financial Institutions for investigation.

Upon consideration of the applications and the report of investigation of the Bureau, the Commission is of the opinion and finds that the acquisition of 100 percent of the voting stock of American National Savings Bank, F.S.B. by Crestar Financial Corporation and the merger of American National Savings Bank, F.S.B. into Crestar Bank should be approved. In connection with the merger application, the Commission finds that the resulting entity will do business as a bank, and that the applicant, Crestar Bank, meets and, as the resulting bank, will meet the standards established by Virginia Code § 6.1-13.

ACCORDINGLY, IT IS ORDERED that the applications of Crestar Financial Corporation to acquire 100 percent of the voting stock of American National Savings Bank, F.S.B. and of Crestar Bank to merge into itself American National Savings Bank, F.S.B. are approved, provided the acquisition and merger become effective within twelve months from this date. The resulting bank, which will continue to have its main office at 919 East Main Street, City of Richmond, Virginia, will be authorized to operate as branches the following offices of American National Savings Bank, F.S.B.: (1) 825 Dulaney Valley Road, Towson, Maryland 21204; (2) 6814 Reisterstown Road, Baltimore, Maryland 21215; (3) 2 W. Rolling Crossroads, Catonsville, Maryland 21228; (4) 206 Harundale Mall, Glen Burnie, Maryland 21061; (5) 7848 Eastpoint Mall, Dundalk, Maryland 21224, in addition to the currently authorized branches of Crestar Bank. Within one year of the merger (as provided by law) the resulting bank shall conform its assets and operations to the provisions of law regulating the operation of banks.

The merger approved by this order shall be effective upon the issuance to Crestar Bank of a certificate of merger of American National Savings Bank, F.S.B. into Crestar Bank.

CASE NO. BAN19970735
NOVEMBER 6, 1997

APPLICATION OF
MARK ROSENBLOOM

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came Mark Rosenbloom, Old Westbury, New York, and filed his application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of FHB Funding Corp. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of FHB Funding Corp. provided that the acquisition takes place within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. This matter shall be placed among the ended cases.

CASE NO. BAN19970753
OCTOBER 28, 1997

APPLICATION OF
FIRST UNION CORPORATION, Charlotte, North Carolina

To acquire Signet Banking Corporation and its subsidiary, Signet Bank, Richmond, Virginia, pursuant to Chapter 15 of Title 6.1 of the Virginia Code

ORDER APPROVING THE ACQUISITION

First Union Corporation, a bank holding company headquartered in Charlotte, North Carolina, filed an application pursuant to Chapter 15 of Title 6.1 of the Code of Virginia to acquire Signet Banking Corporation, Richmond, Virginia, and Signet Bank, a Virginia bank (as defined in Section 6.1-398 of the Virginia Code) headquartered in the City of Richmond, Virginia. The application was referred to the Bureau of Financial Institutions for investigation. Notice of the application was published in the Bureau's Weekly Information Bulletin dated August 22, 1997. No objection to the proposed acquisition was received.

The Bureau's report of investigation notes that by the proposed acquisition First Union Corporation will acquire Signet Trust Company, a subsidiary trust company organized in accordance with Article 3.1 of the Banking Act. Signet Trust Company, a subsidiary of Signet Banking Corporation, is the entity through which Signet Bank has conducted its fiduciary activities and offered trust services solely at authorized branches of Signet Bank since October 9, 1974. The Bureau has determined that the Commission may approve the acquisition of Signet Trust Company by First Union Corporation through its approval of this application.

Having considered the application and the report of the investigation of the Bureau, the Commission finds that (1) the proposed acquisition will not be detrimental to the safety and soundness of First Union Corporation, Signet Banking Corporation or Signet Bank; (2) the applicant, and its officers and directors, are qualified by character, experience and financial responsibility to control and operate a Virginia bank; (3) the proposed acquisition will not be prejudicial to the interests of depositors, creditors, beneficiaries of fiduciary accounts or shareholders of First Union Corporation, Signet Banking Corporation or Signet Bank; and (4) the acquisition is in the public interest. The Commission further finds that the prerequisites set forth in subsection A of Section 6.1-399 of the Code of Virginia are met in this case, and that no condition, restriction, requirement or other limitation of the kind referred to in subdivision A 4 of Section 6.1-399 is present.

Therefore, the Commission hereby approves the application of First Union Corporation to acquire Signet Banking Corporation and Signet Bank. The authority granted herein shall expire one year from this date, unless extended by Commission order prior to the expiration date. This matter shall be placed among the ended cases.

CASE NO. BAN19970759
OCTOBER 6, 1997

APPLICATION OF
WACHOVIA CORPORATION, Winston-Salem, North Carolina

To acquire Jefferson Bankshares, Inc. and its subsidiary, Jefferson National Bank, Charlottesville, Virginia, pursuant to Chapter 15 of Title 6.1 of the Virginia Code

ORDER APPROVING THE ACQUISITION

Wachovia Corporation, a bank holding company headquartered in Winston-Salem, North Carolina, filed an application pursuant to Chapter 15 of Title 6.1 of the Code of Virginia to acquire Jefferson Bankshares, Inc., Charlottesville, Virginia, and Jefferson National Bank, a Virginia bank (as defined in Section 6.1-398 of the Virginia Code) headquartered in the City of Charlottesville, Virginia. The application was referred to the Bureau of Financial Institutions for investigation. Notice of the application was published in the Bureau's Weekly Information Bulletin dated August 29, 1997. No objection to the proposed acquisition was received.

Having considered the application and the report of the investigation of the Bureau, the Commission finds that (1) the proposed acquisition will not be detrimental to the safety and soundness of Wachovia Corporation, Jefferson Bankshares, Inc. or Jefferson National Bank; (2) the applicant, and its officers and directors, are qualified by character, experience and financial responsibility to control and operate a Virginia bank; (3) the proposed acquisition will not be prejudicial to the interests of depositors, creditors, beneficiaries of fiduciary accounts or shareholders of Wachovia Corporation, Jefferson Bankshares, Inc. or Jefferson National Bank; and (4) the acquisition is in the public interest. The Commission further finds that the prerequisites set forth in subsection A of Section 6.1-399 of the Code of Virginia are met in this case, and that no condition, restriction, requirement or other limitation of the kind referred to in subdivision A 4 of Section 6.1-399 is present.

Therefore, the Commission hereby approves the application of Wachovia Corporation to acquire Jefferson Bankshares, Inc. and Jefferson National Bank. The authority granted herein shall expire one year from this date, unless extended by Commission order prior to the expiration date. This matter shall be placed among the ended cases.

CASE NO. BAN19970785
SEPTEMBER 30, 1997

APPLICATION OF
NEWPORT NEWS SHIPBUILDING EMPLOYEES' CREDIT UNION, INC.

To merge into itself Chessie-Newport News Credit Union

ORDER APPROVING THE MERGER

Newport News Shipbuilding Employees' Credit Union, Inc. filed an application to merge into itself Chessie-Newport News Credit Union, pursuant to the provisions of Section 6.1-225.27 of the Code of Virginia.

The plan of merger was reviewed by the Commissioner of Financial Institutions. The Commission has considered the application herein and the recommendation of the Commissioner of Financial Institutions and finds: (1) that the common bond of interest specified in the bylaws of Newport News Shipbuilding Employees' Credit Union, Inc., the surviving credit union, will include the common bonds of both credit unions; (2) that the plan of merger will promote the best interests of the members of the credit unions; and (3) that the members of the merging credit union and the board of directors of the surviving credit union have approved the plan of merger in accordance with applicable law.

THEREFORE, IT IS ORDERED that the merger of Chessie-Newport News Credit Union into Newport News Shipbuilding Employees' Credit Union, Inc. is approved, provided that the merger, which will be effective when the Clerk issues a certificate of merger, shall be accomplished not later than one year from this date. Following the merger, Newport News Shipbuilding Employees' Credit Union, Inc. shall be authorized to operate, as a service facility, what is now the office of Chessie-Newport News Credit Union at 8000 Marshall Avenue, Newport News, Virginia 23605.

CASE NO. BAN19970799
OCTOBER 16, 1997

APPLICATION OF
FIRST VIRGINIA BANK-MOUNTAIN EMPIRE, Damascus, Virginia

For a certificate of authority to do a banking and trust business following a merger with Premier Bank-Central, N.A., and for authority to operate the authorized offices of the merging banks

ORDER APPROVING THE MERGER

First Virginia Bank-Mountain Empire, a state-chartered bank with its main office at Laurel Avenue, Damascus, Washington County, Virginia, has applied pursuant to Section 6.1-44 of the Code of Virginia for a certificate of authority to do a banking and trust business following a merger with Premier Bank-Central, N.A., Honaker, Virginia. First Virginia Bank-Mountain Empire proposes to be the surviving bank in the merger, and seeks authority to operate all the currently-authorized offices of the merging banks. At the time of the merger, the surviving bank will designate as its main office an existing branch of First Virginia Bank-Mountain Empire at 498 Cummings Street, Abingdon, Washington County, Virginia. The application was referred to the Bureau of Financial Institutions for investigation.

The Commission, having considered the application herein and the report of the Bureau's investigation, is of the opinion that a certificate of authority should be issued to the applicant, and with respect to the application the Commission finds: (1) that all the provisions of law have been complied with; (2) that the surviving bank's capital stock will be $6,250,000 and its surplus and reserve for operations will be not less that $35,760,000; (3) that the public interest will be served by the applicant's banking facilities in the communities where the applicant proposed to be; (4) that the oaths of all directors have been taken and filed in accordance with Section 6.1-48; (5) that the bank will conduct a legitimate banking business; (6) that the moral fitness, financial responsibility and business qualifications of those named as officers and directors are such as to command the confidence of the community; and (7) that the bank's deposits will be insured by the Federal Deposit Insurance Corporation.

Furthermore, the Commission is of the opinion and finds that the public interest will be served by authorizing First Virginia Bank-Mountain Empire to engage in the banking and trust business and to operate all the currently-authorized offices of the merging banks.

Accordingly IT IS ORDERED THAT a certificate of authority to do a banking and trust business be granted to First Virginia Bank-Mountain Empire, and such a certificate is hereby granted, effective upon the Clerk's issuing a certificate of merger merging Premier Bank-Central, N.A. into First Virginia Bank-Mountain Empire. AND IT IS FURTHER ORDERED that, upon the merger of Premier Bank-Central, N.A. into First Virginia Bank-Mountain Empire, the surviving bank is authorized to operate a main office at 498 Cummings Street, Abingdon, Washington County, Virginia, and branches at all the previously-authorized office locations of the merging banks. The offices of Premier Bank-Central, N.A. are listed in Attachment A. The authority granted herein shall expire one year from this date, unless extended by Commission order prior to the expiration date.

There being nothing further to be done in this matter, it shall be placed among the ended cases.

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

CASE NO. BAN19970800
OCTOBER 16, 1997

APPLICATION OF
FIRST VIRGINIA BANK-CLINCH VALLEY, Richlands, Virginia

For a certificate of authority to do a banking and trust business following a merger with Premier Bank-Central, N.A. and for authority to operate all the authorized offices of the merging banks

ORDER APPROVING THE MERGER

First Virginia Bank-Clinch Valley, a state-chartered bank with its main office at Laurel Avenue, P. O. Box 368, Richlands, Virginia, has applied pursuant to Virginia Code Section 6.1-44 for a certificate of authority to do a banking and trust business following a proposed merger with Premier Bank-Central, N.A., Tazewell, Virginia. First Virginia Bank-Clinch Valley will be the surviving bank in the merger, and it seeks authority to operate the above main office and all the other currently-authorized offices of both banks. The offices of Premier Bank-Central, N.A. are listed in Attachment A. The application was referred to the Bureau of Financial Institutions for investigation.

AND THE COMMISSION, having considered the application herein and the report of the Bureau's investigation, is of the opinion that a certificate of authority should be issued to the applicant, and with respect to the application the Commission finds: (1) that all the provisions of law have been complied with; (2) that the surviving bank's capital stock will be $3,500,00 and its surplus and reserve for operations will be not less than $26,200,000; (3) that the public interest will be served by the applicant's banking facilities in the communities where the applicant proposed to be; (4) that the oaths of all directors have been taken and filed in accordance with Section 6.1-48; (5) that the bank will conduct a legitimate banking business; (6) that the moral fitness, financial responsibility and business qualifications of those named as officers and directors are such as to command the confidence of the community; and (7) that the bank's deposits will be insured by the Federal Deposit Insurance Corporation.

Furthermore, the Commission is of the opinion and finds that the public interest will be served by authorizing First Virginia Bank-Clinch Valley to operate its main office, its authorized branch office, and all the authorized offices of Premier Bank-Central N.A. following the merger.

Accordingly, IT IS ORDERED THAT a certificate of authority to do a banking and trust business at Laurel Avenue, Richlands, Virginia be granted to First Virginia Bank-Clinch Valley, and such a certificate is hereby granted, effective upon the Clerk's issuing a certificate of merger merging Premier Bank-Central, N.A. into First Virginia Bank-Clinch Valley. Following the merger, First Virginia Bank-Clinch Valley shall be authorized to operate the above main office and all of the authorized offices of First Virginia Bank - Clinch Valley and Premier Bank-Central N.A., and such authority hereby is granted. The authority granted herein shall expire one year from this date, unless extended by Commission order prior to the expiration date.

There being nothing further to be done in this matter, it shall be placed among the ended cases.

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

CASE NO. BAN19970802
NOVEMBER 6, 1997

APPLICATION OF
JOHN R. MARSHALL

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came John R. Marshall, Ponte Vedra Beach, Florida, and filed his application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of Midstate Financial Services, Inc. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of Midstate Financial Services, Inc. provided that the acquisition takes place within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. This matter shall be placed among the ended cases.

CASE NO. BAN19970813
NOVEMBER 6, 1997

APPLICATION OF
LARRY F. PRATT

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came Larry F. Pratt, Great Falls, Virginia, and filed his application, as required by Section 6.1-416.1 of the Code of Virginia, to acquire 25 percent or more of the voting shares of First Savings Mortgage Corporation d/b/a Portfolio Funding Group Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of First Savings Mortgage Corporation d/b/a Portfolio Funding Group by Larry F. Pratt and orders that this matter be placed among the ended cases.

CASE NO. BAN19970833
OCTOBER 10, 1997

APPLICATION OF
MAINSTREET BANKGROUP INCORPORATED

Pursuant to Section 6.1-406 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came MainStreet BankGroup Incorporated and filed its notice, as required by the Virginia Code Section 6.1-406, to acquire Commerce Bank Corporation, College Park, Maryland. The application was referred to the Bureau of Financial Institutions.

Having considered the aforesaid notice and the report herein of the Bureau of Financial Institutions, the Commission is of the opinion and finds that the proposed acquisition will not affect detrimentally the safety or soundness of any Virginia bank. Therefore, the Commission hereby approves the acquisition of Commerce Bank Corporation by MainStreet BankGroup Incorporated, provided that the acquisition takes place within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. This matter shall be placed among the ended cases.

CASE NO. BAN19970841
OCTOBER 24, 1997

APPLICATION OF
ONE VALLEY BANCORP, INC., Charleston, West Virginia

To acquire One Valley Bank-Central Virginia, National Association pursuant to Chapter 15 of Title 6.1 of the Virginia Code

ORDER APPROVING THE ACQUISITION

One Valley Bancorp, Inc., a bank holding company headquartered in Charleston, West Virginia, filed an application pursuant to Chapter 15 of Title 6.1 of the Code of Virginia to acquire One Valley Bank-Central Virginia, National Association, a Virginia bank (as defined in Section 6.1-398 of the Virginia Code) headquartered in the City of Lynchburg, Virginia. The application was referred to the Bureau of Financial Institutions for investigation. Notice of the application was published in the Bureau's Weekly Information Bulletin dated September 26, 1997. No objection to the proposed acquisition was received.

Having considered the application and the report of the investigation of the Bureau, the Commission finds that (1) the proposed acquisition will not be detrimental to the safety and soundness of One Valley Bancorp, Inc. or One Valley Bank-Central Virginia, National Association; (2) the applicant, and its officers and directors, are qualified by character, experience and financial responsibility to control and operate a Virginia bank; (3) the proposed acquisition will not be prejudicial to the interests of depositors, creditors, beneficiaries of fiduciary accounts or shareholders of One Valley Bancorp, Inc. or One Valley Bank-Central Virginia, National Association; and (4) the acquisition is in the public interest. The Commission further finds that the prerequisites set forth in subsection A of Section 6.1-399 of the Code of Virginia are met in this case, and that no condition, restriction, requirement or other limitation of the kind referred to in subdivision A 4 of Section 6.1-399 is present.

Therefore, the Commission hereby approves the application of One Valley Bancorp, Inc. to acquire One Valley Bank-Central Virginia, National Association. The authority granted herein shall expire one year from this date, unless extended by Commission order prior to the expiration date. This matter shall be placed among the ended cases.

CASE NO. BAN19970848
NOVEMBER 21, 1997

APPLICATION OF
WACHOVIA CORPORATION, Winston-Salem, North Carolina

To acquire Central Fidelity Banks, Inc. and its subsidiary, Central Fidelity National Bank, Richmond, Virginia, pursuant to Chapter 15 of Title 6.1 of the Virginia Code

ORDER APPROVING THE ACQUISITION

Wachovia Corporation, a bank holding company headquartered in Winston-Salem, North Carolina, filed an application pursuant to Chapter 15 of Title 6.1 of the Code of Virginia to acquire Central Fidelity Banks, Inc., Richmond, Virginia, and Central Fidelity National Bank, a Virginia bank (as defined in Section 6.1-398 of the Virginia Code) headquartered in the City of Richmond, Virginia. The application was referred to the Bureau of Financial Institutions for investigation. Notice of the application was published in the Bureau's Weekly Information Bulletin dated October 3, 1997. No objection to the proposed acquisition was received.

Having considered the application and the report of the investigation of the Bureau, the Commission finds that (1) the proposed acquisition will not be detrimental to the safety and soundness of Wachovia Corporation, Central Fidelity Banks, Inc. or Central Fidelity National Bank; (2) the applicant, and its officers and directors, are qualified by character, experience and financial responsibility to control and operate a Virginia bank; (3) the proposed acquisition will not be prejudicial to the interests of depositors, creditors, beneficiaries of fiduciary accounts or shareholders of Wachovia Corporation, Central Fidelity Banks, Inc. or Central Fidelity National Bank; and (4) the acquisition is in the public interest. The Commission further finds that the prerequisites set forth in subsection B of Section 6.1-399 of the Code of Virginia are met in this case, and that no condition, restriction, requirement or other limitation of the kind referred to in subdivision B 2 of Section 6.1-399 is present.

Therefore, the Commission hereby approves the application of Wachovia Corporation to acquire Central Fidelity Banks, Inc. and Central Fidelity National Bank. The authority granted herein shall expire one year from this date, unless extended by Commission order prior to the expiration date. This matter shall be placed among the ended cases.

CASE NO. BAN19970857
NOVEMBER 4, 1997

APPLICATION OF
WACHOVIA CORPORATION

Pursuant to Section 6.1-406 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came Wachovia Corporation, Winston-Salem, North Carolina, and filed its notice, as required by the Virginia Code Section 6.1-406, to acquire 1st United Bancorp, Boca Raton, Florida, and its bank subsidiary, 1st United Bank, Boca Raton, Florida. The application was referred to the Bureau of Financial Institutions.

Having considered the aforesaid notice and the report herein of the Bureau of Financial Institutions, the Commission is of the opinion and finds that the proposed acquisition will not affect detrimentally the safety or soundness of any Virginia bank. Therefore, the Commission hereby approves the acquisition of 1st United Bancorp by Wachovia Corporation, provided that the acquisition takes place within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. This matter shall be placed among the ended cases.

CASE NO. BAN19970869
NOVEMBER 26, 1997

APPLICATION OF
VIRGINIA EDUCATORS' CREDIT UNION

To merge into itself Hampton University Employees Federal Credit Union

ORDER APPROVING THE MERGER

Virginia Educators' Credit Union filed an application to merge into itself Hampton University Employees Federal Credit Union, pursuant to the provisions of Section 6.1-225.27 of the Code of Virginia.

The plan of merger was reviewed by the Commissioner of Financial Institutions. The Commission has considered the application herein and the recommendation of the Commissioner of Financial Institutions and finds: (1) that the common bond of interest specified in the bylaws of Virginia Educators' Credit Union, the surviving credit union, will include the common bonds of both credit unions; (2) that the plan of merger will promote the best interests of the members of the credit unions; and (3) that the board of directors of the surviving credit union has approved the plan of merger in accordance with applicable law.

THEREFORE, IT IS ORDERED that the merger of Hampton University Employees Federal Credit Union into Virginia Educators' Credit Union is approved, provided that the merger, which will be effective when the Clerk issues a certificate of merger, shall be accomplished not later than one year from this date, and provided further that the National Credit Union Administration provides evidence that the members of the merging credit union have voted, (in accordance with federal regulations) to approve the plan of merger. Following the merger, Virginia Educators' Credit Union shall be authorized to operate, as a service facility, what is now the office of Hampton University Employees Federal Credit Union at Hampton University, Hampton, Virginia 23668.

CASE NO. BAN19970870
NOVEMBER 13, 1997

APPLICATION OF
VIRGINIA LEAGUE CENTRAL CREDIT UNION, INCORPORATED

To merge into it S & S Machinery Credit Union

ORDER APPROVING THE MERGER

Virginia League Central Credit Union, Incorporated filed an application to merge into it S & S Machinery Credit Union, pursuant to the provisions of Section 6.1-225.27 of the Code of Virginia.

The plan of merger was reviewed by the Commissioner of Financial Institutions. The Commission has considered the application herein and the recommendation of the Commissioner of Financial Institutions and finds: (1) that the common bond of interest specified in the bylaws of Virginia League Central Credit Union, Incorporated, the surviving credit union, will include the common bonds of both credit unions; (2) that the plan of merger will promote the best interests of the members of the credit unions; and (3) that the members of the merging credit union and the board of directors of the surviving credit union have approved the plan of merger in accordance with applicable law.

THEREFORE, IT IS ORDERED that the merger of S & S Machinery Credit Union into Virginia League Central Credit Union, Incorporated is approved, provided that the merger, which will be effective when the Clerk issues a certificate of merger, shall be accomplished not later than one year from this date.

CASE NO. BAN19970880
NOVEMBER 12, 1997

APPLICATION OF
VIRGINIA BANK BANKSHARES, INC.

Pursuant to Chapter 13 of Title 6.1 of the Code of Virginia

ORDER GIVING NOTICE OF INTENT NOT TO DISAPPROVE AN ACQUISITION

ON A FORMER DAY Virginia Bank Bankshares, Inc., a Virginia corporation, applied as required by § 6.1-383.1 of the Code of Virginia to acquire 100 percent of the voting stock of Virginia Bank and Trust Company, Danville, Virginia. The application was referred to the Bureau of Financial Institutions.

Having considered the application and the report of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in § 6.1-383.1 of the Code, and it finds further that no reasonable basis exists for taking any of the other actions permitted the Commission by § 6.1-383.2.

THEREFORE, the Commission hereby issues this notice of its intent not to disapprove the acquisition of 100 percent of the voting stock of Virginia Bank and Trust Company by Virginia Bank Bankshares, Inc. provided that the acquisition becomes effective within twelve months from this date, unless extended, and further provided the Bureau of Financial Institutions is notified, in writing, within ten days of the effective date of the acquisition. The Commission orders that this matter be placed among ended cases.

CASE NOS. BAN19970902 and BAN19970903
DECEMBER 3, 1997

APPLICATIONS OF
EASTERN VIRGINIA BANKSHARES, INC.

Pursuant to Title 6.1, Chapter 13, Code of Virginia

ORDER GIVING NOTICE OF INTENT NOT TO DISAPPROVE THE ACQUISITION OF TWO BANKS

ON A FORMER DAY came Eastern Virginia Bankshares, Inc., Tappahannock, Virginia and filed its applications, as required by Virginia Code Section 6.1-383.1, to acquire 100 percent of the voting shares of Southside Bank, Tappahannock, Virginia and The Bank of Northumberland, Incorporated, Northumberland, Virginia. Thereupon the applications were referred to the Bureau of Financial Institutions.

Having considered the applications and the reports of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-383.1, and it finds further that no reasonable basis exists for taking any of the other actions permitted the Commission by the provisions of Section 6.1-383.2 of the Code.

THEREFORE, the Commission hereby issues this notice of its intent not to disapprove the acquisition of 100 percent of the voting shares of Southside Bank and The Bank of Northumberland, Incorporated by Eastern Virginia Bankshares, Inc. and orders that these matters be placed among the ended cases.

CASE NO. BAN19970914
DECEMBER 29, 1997

APPLICATION BY
BRANCH BANKING AND TRUST COMPANY OF VIRGINIA

To merge into itself Virginia First Savings Bank, FSB

Branch Banking and Trust Company of Virginia, a State bank, applied pursuant to Virginia Code § 6.1-194.40 to merge into itself Virginia First Savings Bank, FSB, a federal association. The application was referred to the Bureau of Financial Institutions for investigation.

Upon consideration of the application and the report of investigation of the Bureau, the Commission is of the opinion and finds that the merger of Virginia First Savings Bank, FSB into Branch Banking and Trust Company of Virginia should be approved. In connection with the application, the Commission finds that the resulting entity will do business as a bank, and that the applicant, Branch Banking and Trust Company of Virginia meets, and as the resulting bank, will meet the standards established by Virginia Code § 6.1-13.

ACCORDINGLY, IT IS ORDERED that the application of Branch Banking and Trust Company of Virginia to merge into itself Virginia First Savings Bank, FSB is approved. The resulting bank, which will continue to have its main office at 3450 Pacific Avenue, City of Virginia Beach, Virginia, will operate as branches the currently authorized offices of Virginia First Savings Bank, FSB. (A list of branches of the currently authorized offices of Virginia First Savings Bank, FSB is attached). Within one year of the merger, as provided by law, the resulting bank shall conform its assets and operations to the provisions of law regulating the operation of banks.

The merger approved by this order shall be effective upon the issuance by the Clerk of a certificate merging Virginia First Savings Bank, FSB into Branch Banking and Trust Company of Virginia.

CASE NO. BAN19970973
DECEMBER 19, 1997

APPLICATION OF
R. ALLEN BARBER, III

Pursuant to Section 6.1-416.1 of the Code of Virginia

ORDER APPROVING THE ACQUISITION

ON A FORMER DAY came R. Allen Barber, III, Yorktown, Virginia, and filed his application, as required by Virginia Code Section 6.1-416.1, to acquire 25 percent or more of the voting shares of Johnson Mortgage Company. Thereupon the application was referred to the Bureau of Financial Institutions for investigation.

Having considered the application and the report of investigation of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-416.1. Therefore, the Commission hereby approves the acquisition of 25 percent or more of the voting shares of Johnson Mortgage Company provided that the acquisition takes place within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. This matter shall be placed among the ended cases.

CASE NO. BAN19970975
DECEMBER 18, 1997

APPLICATION OF
GNB BANKSHARES CORPORATION

Pursuant to Title 6.1, Chapter 13, Code of Virginia

ORDER GIVING NOTICE OF INTENT NOT TO DISAPPROVE AN ACQUISITION

ON A FORMER DAY came GNB Bankshares Corporation and filed its application, as required by Virginia Code Section 6.1-383.1, to acquire 100 percent of the voting shares of Grundy National Bank. Thereupon the application was referred to the Bureau of Financial Institutions.

Having considered the application and the report of the Bureau of Financial Institutions, the Commission is of the opinion and finds that there has been compliance with the prerequisites set forth in Virginia Code Section 6.1-383.1, and it finds further that no reasonable basis exists for taking any of the other actions permitted the Commission by the provisions of Section 6.1-383.2 of the Code.

THEREFORE, the Commission hereby issues this notice of its intent not to disapprove the acquisition of 100 percent of the voting shares of Grundy National Bank by GNB Bankshares Corporation, provided that the acquisition takes place within one year from this date and the applicant notifies the Bureau of the effective date within ten days thereof. It is ordered that this matter be placed among the ended cases.

CASE NO. BFI960011
MAY 7, 1997

APPLICATION OF
DITECH FUNDING CORPORATION

For a license to engage in business as a mortgage lender

ORDER GRANTING A LICENSE

DiTech Funding Corporation, a California corporation, applied December 13, 1995, for a license to engage in business as a mortgage lender pursuant to Chapter 16 of Title 6.1 of the Code of Virginia. The application was denied February 22, 1996, by the Commissioner of Financial Institutions. DiTech sought review of the denial and a hearing in the matter was held March 18, 1997. DiTech was represented by Terence P. Ross, Esquire; the Bureau of Financial Institutions by William F. Schutt, its counsel.

The Commission received documentary evidence and heard the testimony of witnesses. Upon adjournment for the day, the Commission directed that the application be updated, and that the Bureau conduct an investigation of the updated application and an examination of the operations of the applicant's California office. The results of the Bureau's investigation and examination were reported to the Commission.

Now having considered the testimony of the witnesses and the reports and other evidence offered in this case, we conclude that a license to engage in business in Virginia as a mortgage lender should be granted to DiTech Funding Corporation. However, in view of the findings reported by the Staff, we require that the applicant amend its compliance manual and reform its policies and procedures to ensure that its lending in Virginia will -- from its inception -- fully comply with all Virginia laws and Commission regulations and rulings applicable to mortgage lending. The company shall file such amended compliance manual for the review and approval of the Commissioner of Financial Institutions within 60 days of the entry of this order. We intend by this requirement to put DiTech on notice that we expect full legal compliance, and that violations of state laws, regulations and rulings will not be tolerated.

Based on the information received in this proceeding, the Commission is of the opinion and finds that the requirements of Va. Code § 6.1-415 are met, namely (1) that the financial responsibility, character, reputation, experience, and the general fitness of the applicant, its senior officers, and its director and principal warrant belief that the business will be operated efficiently and fairly, in the public interest, and in accordance with law, and (2) that the applicant has funds available for the operation of the business of at least $200,000.

ACCORDINGLY, IT IS ORDERED (1) that a license to engage in business in Virginia as a mortgage lender be issued to DiTech Funding Corporation, and such a license hereby is issued, and (2) that DiTech file its amended compliance manual with the Commissioner of Financial Institutions, as stated above, not later than July 7, 1997.

There being nothing further to be done in this matter, this case is dismissed. It shall be placed among the ended cases.

CASE NO. BFI970010
JUNE 20, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
CONTINENTAL GENERAL MORTGAGE COMPANY, INC.,
Defendant

ORDER REVOKING LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions reported to the Commission that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Virginia Code; that the Defendant failed to file its annual report due March 1, 1997, as required by Virginia Code § 6.1-418; that the Commissioner, pursuant to delegated authority, gave notice to the Defendant by certified mail on April 8, 1997, that he would propose that its license be revoked unless the annual report was filed by April 29, 1997, and that a written request for hearing was required to be filed in the office of the Clerk on or before April 22, 1997; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant failed to file the annual report required by Virginia Code § 6.1-418, and

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

CASE NO. BFI970012
JUNE 20, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
EXCEL FUNDING CORPORATION,
Defendant

ORDER REVOKING LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions reported to the Commission that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Virginia Code; that the Defendant failed to file its annual report due March 1, 1997, as required by Virginia Code § 6.1-418; that the Commissioner, pursuant to delegated authority, gave notice to the Defendant by certified mail on April 8, 1997, that he would propose that its license be revoked unless the annual report was filed by April 29, 1997, and that a written request for hearing was required to be filed in the office of the Clerk on or before April 22, 1997; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant failed to file the annual report required by Virginia Code § 6.1-418, and

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

CASE NO. BFI970015
JUNE 20, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
FEDERAL FUNDING GROUP, INC. t/a FEDERAL MORTGAGE COMPANY,
Defendant

ORDER REVOKING LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions reported to the Commission that the Defendant is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Virginia Code; that the Defendant failed to file its annual report due March 1, 1997, as required by Virginia Code § 6.1-418; that the Commissioner, pursuant to delegated authority, gave notice to the Defendant by certified mail on April 8, 1997, that he would propose that its license be revoked unless the annual report was filed by April 29, 1997, and that a written request for hearing was required to be filed in the office of the Clerk on or before April 22, 1997; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant failed to file the annual report required by Virginia Code § 6.1-418, and

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

CASE NO. BFI970023
JUNE 20, 1997

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

ORDER REVOKING LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions reported to the Commission that the Defendant is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Virginia Code; that the Defendant failed to file its annual report due March 1, 1997, as required by Virginia Code § 6.1-418; that the Commissioner, pursuant to delegated authority, gave notice to the Defendant by certified mail on April 8, 1997, that he would propose that its license be revoked unless the annual report was filed by April 29, 1997, and that a written request for hearing was required to be filed in the office of the Clerk on or before April 22, 1997; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant failed to file the annual report required by Virginia Code § 6.1-418, and

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

CASE NO. BFI970038
JUNE 20, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
JAMES A. WELU,
Defendant

ORDER REVOKING LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions reported to the Commission that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Virginia Code; that the Defendant failed to file his annual report due March 1, 1997, as required by Virginia Code § 6.1-418; that the Commissioner, pursuant to delegated authority, gave notice to the Defendant by certified mail on April 8, 1997, that he would propose that the license be revoked unless the annual report was filed by April 29, 1997, and that a written request for hearing was required to be filed in the office of the Clerk on or before April 22, 1997; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant failed to file the annual report required by Virginia Code § 6.1-418, and

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

CASE NO. BFI970052
JUNE 20, 1997

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

ORDER REVOKING LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions reported to the Commission that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Virginia Code; that the Defendant failed to file its annual report due March 1, 1997, as required by Virginia Code § 6.1-418; that the Commissioner, pursuant to delegated authority, gave notice to the Defendant by certified mail on April 8, 1997, that he would propose that its license be revoked unless the annual report was filed by April 29, 1997, and that a written request for hearing was required to be filed in the office of the Clerk on or before April 22, 1997; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant failed to file the annual report required by Virginia Code § 6.1-418, and

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

CASE NO. BFI970053
JUNE 20, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
U.S. MORTGAGE CAPITAL, INC.,
Defendant

ORDER REVOKING LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions reported to the Commission that the Defendant is licensed to engage in business as a mortgage lender and broker under Chapter 16 of Title 6.1 of the Virginia Code; that the Defendant failed to file its annual report due March 1, 1997, as required by Virginia Code § 6.1-418; that the Commissioner, pursuant to delegated authority, gave notice to the Defendant by certified mail on April 8, 1997, that he would propose that its license be revoked unless the annual report was filed by April 29, 1997, and that a written request for hearing was required to be filed in the office of the Clerk on or before April 22, 1997; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant failed to file the annual report required by Virginia Code § 6.1-418, and

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

CASE NO. BFI970056
JUNE 20, 1997

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

ORDER REVOKING LICENSE

ON A FORMER DAY, the Commissioner of Financial Institutions reported to the Commission that the Defendant is licensed to engage in business as a mortgage broker under Chapter 16 of Title 6.1 of the Virginia Code; that the Defendant failed to file its annual report due March 1, 1997, as required by Virginia Code § 6.1-418; that the Commissioner, pursuant to delegated authority, gave notice to the Defendant by certified mail on April 8, 1997, that he would propose that its license be revoked unless the annual report was filed by April 29, 1997, and that a written request for hearing was required to be filed in the office of the Clerk on or before April 22, 1997; and that no annual report or written request for hearing was received.

Accordingly, the Commission finds that the Defendant failed to file the annual report required by Virginia Code § 6.1-418, and

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

CASE NO. BFI970058
MAY 9, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte, in re Petition of First American Corporation

ORDER GRANTING PETITION

On May 7, 1997, First American Corporation (First American) a bank holding company having its principal place of business in the state of Tennessee, filed a Petition seeking modification of the Consent Order entered by the Commission on November 30, 1995 in Case No. BFI950202. That Consent Order, among other things, conditioned approval of First American's acquisition of Charter Federal Savings Bank (Charter) upon First American's not operating three of Charter's branches located in Virginia as branches of First American National Bank on or after February 8, 1996. First American maintains that the condition relating to the three branches will be mooted when the interstate branching provisions of the Riegle-Neal Banking and Branching Efficiency Act of 1994 become fully effective on June 1, 1997. The Bureau of Financial Institutions filed its Response dated May 8, 1997, in which it agreed that the subject condition should be terminated as of June 1, 1997. Upon consideration of the Petition and Response,

IT IS ORDERED THAT:

1. The condition imposed in the November 30, 1995 Consent Order in Case No. BFI950202 that three certain former branches of Charter (currently branches of First American Federal Savings Bank) in Virginia not be operated as branches of First American National Bank is hereby vacated, effective June 1, 1997.

2. This case is dismissed from the docket, and the papers herein shall be placed among the ended cases.

CASE NO. BFI970059
OCTOBER 2, 1997

IN RE: PETITION OF
AMERICAN GENERAL FINANCE OF AMERICA, INC.

For amendment of 10 VAC 5-70-10 et seq., Virginia Administrative Code

DISMISSAL ORDER

ON A FORMER DAY counsel for the Petitioner in this case filed notice of withdrawal of the Petition in the Clerk's Office. Accordingly,

IT IS ORDERED THAT:

(1) This case is dismissed without prejudice.

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

CASE NO. BFI970060
MAY 22, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of adopting Real Estate Settlement Agent Rules

ORDER TO TAKE NOTICE

WHEREAS, Virginia Code § 12.1-13 provides that the Commission shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and Virginia Code § 6.1-2.25 provides that the Commission may issue rules, regulations and orders consistent with and necessary to carry out the provisions of the Consumer Real Estate Settlement Protection Act (Va. Code § 6.1-2.19 et seq.)

WHEREAS, the Bureau of Financial Institutions has submitted to the Commission a proposed regulation entitled "Real Estate Settlement Agent Rules"; and

WHEREAS, the Commission is of the opinion that a hearing should be held to consider the adoption of the proposed regulation;

THEREFORE, IT IS ORDERED THAT:

(1) The proposed regulation entitled "Real Estate Settlement Agent Rules" be appended hereto and made a part of the record herein.

(2) A hearing will be held in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia at 10:00 a.m. on July 30, 1997, for the purpose of considering the adoption of the proposed regulation.

(3) On or before June 30, 1997, any person desiring to comment in support of, or in opposition to, the proposed regulation shall file such comments in writing with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23216.

(4) On or before June 30, 1997, any person intending to appear and be heard at the hearing on the proposed regulation shall file written notice of his intention to do so with the Clerk of the Commission at the address above.

(5) All filings made under Paragraphs (3) or (4) shall contain a reference to Case No. BFI970060.

(6) An attested copy hereof, together with a copy of the proposed regulation, shall be sent to the Registrar of Regulations for appropriate publication in the Virginia Register.

(7) An attested copy hereof, together with a copy of the proposed regulation, shall be sent by the Clerk of the Commission to the Virginia State Bar and the Virginia Real Estate Board, and to the Commissioner of Financial Institutions who shall forthwith give further notice of the proposed regulation and hearing by mailing a copy of this order, together with a copy of the proposed regulation, to all banks, savings institutions, and credit unions known to be conducting business in Virginia, to all industrial loan associations chartered and operating under Virginia law, and to all licensed consumer finance companies.

(8) The Bureau of Financial Institutions shall file with the Clerk of the Commission a statement of compliance with the notice requirements of paragraph (7) above.

NOTE: A copy of Attachment A entitled "Chapter 80 Real Estate Settlement Agent Rules" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

CASE NO. BFI970060
AUGUST 5, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In the matter of adopting Real Estate Settlement Agent Rules

ORDER ADOPTING A REGULATION

By order entered herein on May 22, 1997, the Commission directed that notice be given of a regulation proposed by the Bureau of Financial Institutions ("Bureau"), entitled "Real Estate Settlement Agent Rules", Chapter 80 of Title 10 of the Virginia Administrative Code, implementing part of the Consumer Real Estate Settlement Protection Act, Chapter 1.3 of Title 6.1 of the Virginia Code (CRESPA). Notice of the proposed regulation was published in the Virginia Register on June 23, 1997, and in five newspapers of general circulation in Virginia, and the Bureau gave notice of the proposed regulation to all financial institutions operating in Virginia. Interested parties were afforded the opportunity to file written comments in favor of or against the proposal, and written requests to be heard, on or before June 30, 1997, and a hearing was set for 10:00 a.m. on July 30, 1997 before the Commission.

The Virginia Bankers Association filed the only comments on the proposed regulation. As a result of that filing, a minor clarifying amendment was proposed by Bureau counsel and accepted by the VBA. The hearing was convened before the Commission on July 30, 1997. The Bureau was represented by its counsel, and no affected person or public witness made a formal appearance or participated in the hearing.

The proposed regulation, as revised, is designed to implement the registration, financial responsibility, escrow account and disclosure provisions of CRESPA, as they apply to financial institutions and their subsidiaries and affiliates acting as settlement agents; to provide Bureau access to such companies' records; and to implement disclosure provisions imposed upon such companies under CRESPA. The Commission, having considered the record and the proposed regulation as modified, concludes that the proposal properly implements applicable CRESPA statutory provisions, and that the proposed regulation as modified should be adopted.

THEREFORE, IT IS ORDERED THAT:

(1) The proposed regulation as modified entitled "Real Estate Settlement Agent Rules", attached hereto, is adopted effective September 1, 1997.

(2) The proposed regulation, as modified and adopted, shall be transmitted for publication in the Virginia Register.

(3) Copies of the regulation as adopted shall be sent by the Bureau to all financial institutions known to be operating in Virginia.

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

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

CASE NO. BFI970062
JULY 21, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In the matter of repealing the "Virginia Electronic Funds Transfer (EFT) Regulations"

ORDER REPEALING A REGULATION

By order herein dated May 30, 1997, the Commission directed that notice be given of its intention to repeal the "Virginia Electronic Funds Transfer (EFT) Regulations", Chapter 170 (10 VAC 5-170-10 et seq.) of Title 10 of the Virginia Administrative Code. The statute on which the regulation had been based, v.z., § 6.1-39.4 of the Code of Virginia, was repealed, effective July 1, 1997, by Chapter 141 of the 1997 Acts of the General Assembly. The Bureau of Financial Institutions has advised the Commission that the purposes once served by the regulation are now addressed by other provisions of Virginia law and federal law, and the Bureau has recommended that the subject regulation be repealed and that no replacement be adopted at this time.

Notice of the proposed repeal was published June 23, 1997, in the Virginia Register. Notice was also given by mail to all banks and savings institutions chartered under Title 6.1, the Virginia Banker's Association, the Virginia Citizens Consumer Counsel, the Virginia Poverty Law Center, and the Office of the Attorney General, Division of Consumer Counsel. An opportunity was afforded until July 14, 1997, for the filing of comments or requests for a hearing on the proposed repeal. No comment or request for a hearing was received.

Therefore, IT IS ORDERED THAT:

(1) The "Virginia Electronic Funds Transfer (EFT) Regulations", 10 VAC 5-170-10 et seq., is repealed.

(2) This order shall be sent for publication in the Virginia Register;

(3) This case is dismissed. The papers herein shall be placed among the ended cases.

CLERK'S OFFICE

CASE NO. CLK970496
DECEMBER 19, 1997

PAMELA T. PEYTON,
Petitioner,
v.
STATE CORPORATION COMMISSION,
YVONNE COCHRAN, and
IVAN MORTON,
Respondents

FINAL ORDER

Upon review of the petition filed on August 27, 1997, the responsive pleadings filed herein, and the Decree of the Circuit Court of the City of Richmond ("Circuit Court") entered November 13, 1997, in Pamela T. Peyton v. Yvonne Cochran and Ivan Morton, Chancery No. HI-1051-3, the Commission is of the opinion and finds that the Circuit Court declared the certificate of cancellation of Franklin St. Gourmet, L.L.C. ("Company") dated July 24, 1997, to be void ab initio; that this certificate of cancellation filed with the Commission on July 29, 1997, was a nullity; and, that the Company's certificate of organization should be reinstated as of July 29, 1997; it is, therefore,

ORDERED that the certificate of cancellation of Franklin St. Gourmet, L.L.C. filed on July 29, 1997, is of no force or effect; that the Clerk of the Commission correct the Commission's records to show the continued existence of Franklin St. Gourmet, L.L.C. without interruption from July 29, 1997; and, that this case is dismissed from the Commission's docket and the papers herein be placed in the file for ended causes.

BUREAU OF INSURANCE

CASE NO. INS910278
FEBRUARY 10, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GUARANTEE SECURITY LIFE INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

WHEREAS, Virginia Code § 38.2-1040 provides, inter alia, that the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth;

WHEREAS, by order entered in the Circuit Court of the Second Judicial Circuit, in and for Leon County, Florida the Insurance Commissioner of the State of Florida was appointed the Receiver of Guarantee Security Life Insurance Company ("Guarantee Security"), and the company was ordered to be liquidated;

WHEREAS, the Bureau of Insurance has recommended that Guarantee Security's license to transact the business of insurance in the Commonwealth of Virginia be revoked;

THEREFORE, IT IS ORDERED that Guarantee Security TAKE NOTICE that the Commission shall enter an order subsequent to February 20, 1997, revoking the license of Guarantee Security to transact the business of insurance in the Commonwealth of Virginia unless on or before February 20, 1997, Guarantee Security files with the Clerk of the Commission, Document Control Center, 1300 East Main Street, Richmond, Virginia 23219, a request for a hearing before the Commission with respect to the proposed revocation of Guarantee Security's license.

CASE NO. INS910278
MARCH 19, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GUARANTEE SECURITY LIFE INSURANCE COMPANY,
Defendant

ORDER REVOKING LICENSE

WHEREAS, for the reasons stated in an order entered herein February 10, 1997, Defendant was ordered to take notice that the Commission would enter an order subsequent to February 20, 1997, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before February 20, 1997, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed revocation of Defendant's license; and

WHEREAS, as of the date of this order, Defendant has not filed a request to be heard before the Commission with respect to the proposed revocation of Defendant's license;

THEREFORE IT IS ORDERED:

(1) That, pursuant to Virginia Code § 38.2-1040, the license of Defendant to transact the business of insurance in the Commonwealth of Virginia be, and it is hereby, REVOKED;

(2) That the Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia;

(3) That the appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, REVOKED;

(4) That the Bureau of Insurance shall cause an attested copy of this order to be sent to each of Defendant's agents appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the revocation of such agent's appointment; and

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

CASE NO. INS930010
JULY 10, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
INSURANCE CORPORATION OF AMERICA,
Defendant

ORDER TO TAKE NOTICE

WHEREAS, Virginia Code § 38.2-1040 provides, inter alia, that the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth;

WHEREAS, by order entered in the District Court of Travis County, Texas, 200th Judicial Circuit, the Commissioner of Insurance for the State of Texas was appointed the Permanent Receiver of Insurance Corporation of America ("ICA"), which is to have its assets and affairs liquidated;

WHEREAS, the Bureau of Insurance has recommended that ICA's license to transact the business of insurance in the Commonwealth of Virginia be revoked;

THEREFORE, IT IS ORDERED that ICA TAKE NOTICE that the Commission shall enter an order subsequent to July 30, 1997, revoking the license of ICA to transact the business of insurance in the Commonwealth of Virginia unless on or before July 30, 1997, ICA files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of ICA's license.

CASE NO. INS940146
APRIL 22, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
BLUE CROSS AND BLUE SHIELD OF VIRGINIA,
d/b/a TRIGON BLUE CROSS BLUE SHIELD,
Defendant

AMENDMENT NO. 1 TO ORDER APPROVING SUPPLEMENTAL REFUND PROGRAM

On November 16, 1995, the Commission entered an Order Approving Supplemental Copayment Refund Program (the "Order"). The Order directs Blue Cross and Blue Shield of Virginia (referred to in the Order and herein as "Trigon") to conduct a supplemental copayment refund program according to the terms described in Exhibit A to the Order.

IT APPEARING to the Commission that the Order should be amended (i) to provide that unclaimed refunds payable to claimants whose last known addresses are in other states should escheat to such other states in accordance with their laws and as is provided for under Article III, Chapter 11.1 of Title 55 of the Code of Virginia, and (ii) to permit Trigon to honor and pay refund checks presented for payment through April 30, 1997;

IT FURTHER APPEARING that the Bureau of Insurance, the Attorney General of Virginia, and the Treasurer of Virginia have no objection to such amendments;

IT IS ORDERED:

(1) That Paragraph 7 of Exhibit A to the Order is hereby amended to read as follows:

7. Unclaimed Property.

a. All checks for Adjusted Refunds that were mailed to Known Claimants with addresses in Virginia that are returned or are otherwise not cashed by April 30, 1997, shall be deemed to be "unclaimed property" within the meaning of the Virginia Uniform Unclaimed Property Act, Va. Code §§ 55.210.1 et seq. (the "Act") and shall be reported and paid to the State Treasurer on May 1, 1997.

b. All checks for Adjusted Refunds that were mailed to Known Claimants with addresses in states other than Virginia that are returned or are otherwise not cashed by April 30, 1997, shall be reported and

paid to the appropriate authority in such other states in accordance with the unclaimed property laws of such other states.

c. All Adjusted Refunds payable to Unknown Claimants that are not paid by April 30, 1997, shall be deemed to be "unclaimed property" within the meaning of the Act and shall be reported and paid to the State Treasurer on May 1, 1997.

d. Trigon shall furnish to the Bureau of Insurance and to the Attorney General copies of all unclaimed property reports filed in Virginia and in other states pursuant to this Paragraph 7.

CASE NO. INS940148
FEBRUARY 12, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CONFEDERATION LIFE INSURANCE AND ANNUITY COMPANY,
Defendant

FINAL ORDER

WHEREAS, by order entered herein October 3, 1994, Confederation Life Insurance and Annuity Company's ("Confederation Life") license to transact the business of insurance in Virginia was suspended;

WHEREAS, on January 7, 1997, the Insurance Commissioner of the State of Georgia as Rehabilitator of Confederation Life, by counsel, formally requested the withdrawal of Confederation Life's license to transact the business of insurance in Virginia; and

THE COMMISSION, having considered the request and the law applicable hereto, is of the opinion that the request should be approved;

THEREFORE, IT IS ORDERED:

(1) That Confederation Life Insurance and Annuity Company's license to transact the business of insurance in the Commonwealth of Virginia be, and it is hereby, withdrawn effective as of the date of this order; and

(2) That the papers herein be placed in the file for ended causes.

CASE NO. INS940241
JULY 14, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONAL AMERICAN LIFE INSURANCE COMPANY OF PENNSYLVANIA,
Defendant

ORDER TO TAKE NOTICE

WHEREAS, Virginia Code § 38.2-1040 provides, inter alia, that the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth;

WHEREAS, by order entered in the Commonwealth Court of Pennsylvania the National American Life Insurance Company of Pennsylvania ("National American") was ordered liquidated by the Insurance Commissioner of the Commonwealth of Pennsylvania;

WHEREAS, the Bureau of Insurance has recommended that National American's license to transact the business of insurance in the Commonwealth of Virginia be revoked;

THEREFORE, IT IS ORDERED that National American TAKE NOTICE that the Commission shall enter an order subsequent to July 30, 1997, revoking the license of National American to transact the business of insurance in the Commonwealth of Virginia unless on or before July 30, 1997, National American files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of National American's license.

CASE NO. INS940241
AUGUST 5, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONAL AMERICAN LIFE INSURANCE COMPANY OF PENNSYLVANIA,
Defendant

ORDER REVOKING LICENSE

WHEREAS, for the reasons stated in an order entered herein July 14, 1997, Defendant was ordered to take notice that the Commission would enter an order subsequent to July 30, 1997, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before July 30, 1997, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed revocation of Defendant's license; and

WHEREAS, as of the date of this order, Defendant has not filed a request to be heard before the Commission with respect to the proposed revocation of Defendant's license;

THEREFORE IT IS ORDERED:

(1) That, pursuant to Virginia Code § 38.2-1040, the license of Defendant to transact the business of insurance in the Commonwealth of Virginia be, and it is hereby, REVOKED;

(2) That the Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia;

(3) That the appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, REVOKED;

(4) That the Bureau of Insurance shall cause an attested copy of this order to be sent to each of Defendant's agents appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the revocation of such agent's appointment; and

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

CASE NO. INS950034
APRIL 24, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GROUP DENTAL SERVICE, INC.,
Defendant

FINAL ORDER

WHEREAS, by order entered herein March 8, 1995, Defendant was ordered to wind-down its operations in Virginia if Defendant was unable to obtain a license as a dental services plan; and

WHEREAS, by affidavit of Defendant's president, the Commission was advised that Defendant no longer owns any dental service contracts which constitute transacting the business of insurance in Virginia;

THEREFORE, IT IS ORDERED THAT:

(1) The Consent Order entered herein be, and it is hereby, VACATED; and

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

CASE NO. INS950218
MARCH 11, 1997

PETITION OF
MITCHELL AND LORI LANGSNER

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

ORDER

On December 11, 1995, the Commission assigned this case to a Hearing Examiner to conduct further proceedings and to make recommendations concerning the determination of this Petition for Review. Pursuant to that order, the Hearing Examiner scheduled a telephonic hearing for September 16, 1996.

On the appointed day, the hearing was conducted, with the Petitioners, the Deputy Receiver and the Builder being provided an opportunity to introduce testimony and other evidence in support of their respective positions and to cross-examine the evidence proffered by the other parties.

After considering the evidence submitted in the case, the Hearing Examiner made the following findings of fact and recommendations:

1. That the Deputy Receiver should process the claims for water leaking through the basement block wall and water coming over the joist above the block wall in the basement;

2. That the Builder should be allowed the opportunity to address the failure of the air conditioning system to cool the second floor when the outside temperature is above 85 degrees within 30 days of the Commission's order in this case;

3. That a compliance test should be performed on the air conditioning system when climatic conditions permit, and if the air conditioning problem still exists, the Petitioners' claim should be processed as a warranty claim;

4. That a compliance inspection should be performed on the heating system in the master bathroom as soon as possible, and if the heating problem continues to exist, the Petitioners' claim should be processed based on the current estimate for repair; and

5. That although, under the factual situation of this case, the HOW agreement in force did allow for consequential damages, including attorney fees, there was no evidence in the record as to the amount of such damages and consequently the claim should be dismissed without prejudice.

The Hearing Examiner's Final Report was filed on January 27, 1997, and the Petitioners filed comments and exhibits setting forth the amount of the consequential damage claims.

Upon consideration of the pleadings, prefiled testimony, transcript of the hearing, the report of the Hearing Examiner, and the comments and exhibits filed in response by the Petitioners, the Commission is of the opinion that the Hearing Examiner's recommendations should be adopted as they apply to the direct claims, but rejected as they apply to the dismissal of the consequential damage claims, including attorney fees.

THEREFORE, IT IS ORDERED THAT:

(1) The Petition of Mitchell and Lori Langsner for review of the Deputy Receiver's Determination of Appeal be, and it is hereby, GRANTED;

(2) The Deputy Receiver's Determination of Appeal issued in Claim No. 409838 be, and it is hereby, REVERSED;

(3) The Builder is allowed thirty (30) days to correct the problem in the air conditioning system in accordance with recommendations contained in the Hearing Examiner's Final Report;

(4) The Petitioners' claims for attorney fees in the amount of five thousand dollars ($5,000.00) and expenses and advances in the amount of one thousand eight hundred twenty three dollars ($1,823.00) be, and the same, are hereby awarded, which sums shall be considered as indirect claims to be paid to the Petitioners after all direct claims have been paid in accordance with the receivership claim payment procedure; and

(5) The Commission shall retain jurisdiction of this matter to determine the amount of such consequential damages as may result from the repair of the Petitioners' home, to allow the compliance inspections as recommended by the Hearing Examiner, and until further order of the Commission.

CASE NO. INS950224
MARCH 14, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
WORLD SERVICE LIFE INSURANCE COMPANY OF AMERICA,
Defendant

FINAL ORDER

WHEREAS, by order entered on May 3, 1996, the Rule to Show Cause Hearing scheduled herein was continued until further order of the Commission and Defendant was further ordered not to issue any new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of their surplus existed;

WHEREAS, Defendant's 1996 Annual Statement filed with the Commission's Bureau of Insurance on March 1, 1997, indicates that Defendant has restored its surplus to policyholders to at least $3,000,000;

WHEREAS, the Bureau of Insurance has recommended that all orders entered by the Commission against Defendant be vacated; and

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that all orders entered by the Commission against Defendant should be, and they are hereby, VACATED.

CASE NO. INS960026
AUGUST 13, 1997

PETITION OF
MCKELLAR DEVELOPMENT OF LA JOLLA

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

FINAL ORDER

By an Order of this Commission entered herein on February 23, 1996, this case was assigned to a Hearing Examiner to conduct further proceedings for the purposes of taking evidence and making recommendations to the Commission for the determination of this Petition for Review. Pursuant to that Order, the Hearing Examiner established a procedural schedule and calendared a telephonic hearing for September 9, 1996.

During the course of the procedural schedule, the Deputy Receiver filed an Answer to the Petition for Review of McKellar Development of La Jolla ("McKellar" or "Petitioner") alleging, inter alia, that McKellar was not entitled to receive a refund of its loss reserve deposit until May 2002. McKellar's Petition for Review sought an immediate $100,000.00 refund of the lost reserve deposit that it posted as security with the HOW Companies after executing a contract to become a participating member in the HOW National Accounts Program ("Builder Agreement"). Petitioner contends that a subsequent decision by the Deputy Receiver to withdraw its legal representation of McKellar in all pending major structural defects lawsuits constituted a material breach of the Builder Agreement, entitling McKellar to rescind the agreement and obtain a refund of its loss reserve deposit.

On the hearing date, Howard W. Dobbins, Esquire, and Susan E. Salch, Esquire, appeared as counsel for the Deputy Receiver. McKellar was represented at the hearing by Jonathan C. Corn, Esquire and Jennifer Kocher, Esquire. As directed by the Hearing Examiner at the conclusion of hearing, counsel for the respective parties filed post-hearing briefs addressing the following three legal issues in dispute in this case: (i) should California or Virginia law apply in this case, (ii) did the Deputy Receiver materially breach the Builder Agreement by withdrawing from its legal defense of McKellar in three lawsuits filed in California, and (iii) if the Deputy did materially breach the Builder Agreement, can Petitioner rescind the agreement and obtain a refund of its loss reserve deposit.

After considering the evidence submitted and the post-hearing briefs filed in the case, the Senior Hearing Examiner made the following findings of fact and recommendations:

(i) The choice of law provision in the Builder Agreement should not be enforced in this matter, Virginia, rather than California law should be applied in this case;

(ii) The Deputy Receiver materially breached the Builder Agreement by withdrawing its legal defense of McKellar in the pending lawsuits in California;

(iii) The Petitioner should not be allowed to rescind the Builder Agreement;

(iv) The Petitioner should be required to maintain its loss reserve deposit until all the HOW coverage expires on the condominiums developed by McKellar;

(v) McKellar should be allowed to file a claim against the receivership estate for damages it suffered as a result of the Deputy Receiver's decision to withdraw its legal defense of Petitioner;

(vi) McKellar's loss reserve deposit is not an asset of the receivership estate, but an asset of McKellar, and must be held in trust by the Deputy Receiver to secure McKellar's obligations under the Builder Agreement;

(vii) After McKellar's obligations are extinguished under the Builder Agreement, the loss reserve deposit should be promptly returned to Petitioner in accordance with the terms and conditions of the Builder Agreement;

(viii)The Deputy Receiver's Determination of Appeal denying McKellar a return of its loss reserve deposit should be affirmed; and

(ix) The Deputy Receiver should be directed to pay all accrued interest on the certificate of deposit purchased with McKellar's loss reserve deposit until such time as the deposit is refunded to McKellar in accordance with the terms of the Builder Agreement.

Upon the consideration of the pleadings, prefiled testimony, transcript of the hearing, the Senior Hearing Examiner's Final Report, and comments filed in response thereto, the Commission is of the opinion and so finds that the Senior Hearing Examiner's findings and recommendations should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Petition of McKellar Development of La Jolla for review of the Deputy Receiver's Determination of Appeal, be and it is hereby, DENIED;

(2) The Deputy Receiver's Determination of Appeal issued on December 13, 1995, be and it is hereby, AFFIRMED;

(3) The Deputy Receiver shall forthwith pay Petitioner all accrued interest earned on the certificate of deposit purchased by the Deputy Receiver with McKellar's loss reserve deposit until such time as the deposit is refunded to McKellar in accordance with the terms of the Builder Agreement; and

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

CASE NO. INS960033
FEBRUARY 19, 1997

PETITION OF
JANE H. HALL

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

ORDER

By an Order this Commission entered herein on February 8, 1996, this case was assigned to a hearing examiner for the purposes of taking evidence and making recommendations to the Commission for the determination of this Petition of Review. Pursuant to that order a hearing was scheduled for August 5, 1996.

On the appointed day the hearing was held, Howard W. Dobbins, Esquire and Susan E. Salch, Esquire appeared as counsel for the Deputy Receiver. The Petitioner, Jane H. Hall, appeared pro se. The builder, Pulte Home Corporation ("Pulte Homes") appeared pro se through its employees, Robert Koscso and Shirley Thompson.

After considering the evidence in the case the Hearing Examiner made the following conclusions:

(1) A small room in the upstairs section of the house was finished by another contractor and connected to the heating/cooling system;

(2) There were heating and cooling problems with the home covered by the HOW agreement; and

(3) The Petitioner failed to prove that these problems were the fault of the builder, Pulte Homes.

Due to these conclusions, the Hearing Examiner recommended that the Commission affirm the Deputy Receiver's Determination of Appeal.

The Hearing Examiner's Report was filed on October 30, 1996. The Petitioner filed comments to the Report, neither the Builder or the Deputy Receiver filed comments.

Upon consideration of the pleadings, prefiled testimony, Transcript of the August 5, 1996 hearing, the Report of the Hearing Examiner and the Comments filed in response, the Commission is of the opinion and so finds that the Hearing Examiner's findings should not be adopted and that the denial of Petitioner's Claim should be reversed.

By the terms of the warranty documents (Deputy Receiver's Exhibit 5) the Petitioner was entitled to expect from Pulte Homes precise performance standards pertaining to the heating and cooling of her residence. "The heating system shall be capable of producing an inside temperature of 70° F. as measured in the center of each room at a height of 5 feet above the floor, under local outdoor winter design conditions as specified in ASHRAE handbook." Similarly, specific performance standards are provided as to the cooling system of the residence.

It is not possible to determine from the record the extent to which the referenced performance standards have not been met. Although many temperature measurements were introduced by the parties, there is insufficient evidence comparing the measurements to the conditions and measurements specified in Petitioner's warranty. Nevertheless, the Hearing Examiner found, and we agree, that there was ample evidence that the Petitioner has a heating and cooling problem in her home.

However, the Hearing Examiner recommends that the denial of Petitioner's claim be affirmed because Mrs. Hall had another contractor finish off a "bonus room" above her garage after the commencement of her warranty. Connection to this room was made to the heating and cooling system. The Hearing Examiner reasoned that this alteration was sufficient to exclude the heating and cooling deficiency from warranty coverage.

The warranty document provides: "This Limited Warranty shall not extend to or include or be applicable to: . . .D. Any damage to the extent it is caused or made worse by: . . .VI. Changes, alterations, or additions made to the Home by anyone after the Limited Warranty Commencement Date stated in the Certificate . . ."

The Hearing Examiner accurately summed up the state of the evidence relative to the effect of the bonus room alteration on the heating and cooling problem by stating, "It is impossible to determine if, or to what extent, the problem existed prior to the enclosure of the bonus room". The evidence is thus insufficient to trigger the exclusion which requires proof that the problem was "made worse" by the alteration.

The bonus room is described in the Petitioner's testimony as, "very small", with dimensions of "nine six by thirteen something", with three foot sidewalls and a pitched ceiling. Thus the bonus room of approximately 125 square feet in floor area compares to the rest of the residence of over 3,000 square feet in a relatively minor way.

Viewed from this perspective, and considering the magnitude of the intolerable heating and cooling problems described by Mrs. Hall, the evidence is just as suggestive of the source of the problem being something other than the additional heating and cooling load imposed by the bonus room.

Undersized or damaged heating and cooling units, inadequate insulation, and duct work problems are mentioned as possible sources of heating and cooling discomfort. The Petitioner's right to have the relevant performance standards achieved is not conditioned on her ability to present evidence showing a problem diagnosis -- it is the obligation of Pulte Homes to comply with the performance standards, in default of which the Deputy Receiver must respond.

However, the Petitioner is not entitled to have the bonus room heated and cooled under the Warranty, nor should the load in doing so be included in performance standard measurements. Therefore, the supply duct to the bonus room should be closed, or some other technically competent method utilized to measure compliance with the Warranty performance standards without the inclusion of the additional load of the bonus room.

During the cross examination of witness Guillot by the Petitioner, testimony was elicited concerning a monetary settlement offer made to Mrs. Hall on behalf of HOW companies. Counsel for the Deputy Receiver objected to such evidence pertaining to settlement negotiations, and it was properly excluded by the Hearing Examiner. However, the Deputy Receiver's Counsel elected to introduce through his witness, William B. Hall, the fact that Pulte Homes had offered to pay part of the cost of upgrading Petitioner's air conditioning system. (Exhibit WBH-4).

This was confirmed by witness Koscso on behalf of Pulte Homes. (Tr. P. 57). Such evidence is competent, and at the least it tends to show that the Builder in this case considered Mrs. Hall's claims to have sufficient substance to warrant a significant attempt at settlement, even though the attempt was motivated by a desire to avoid "negative publicity", according to Mr. Koscso. Moreover, the occurrence suggests that a desirable result of this proceeding would be the correction of the heating and cooling problems by Pulte Homes so as to avoid the necessity of a Warranty claim. In doing so, the Builder would likely be best suited to determine if the duct work, air returns, insulation and other factors (excluding the bonus room) may need correction, as well as the size and condition of the heating and cooling units themselves.

Mrs. Hall will be expected to reasonably cooperate with Pulte Homes during any Warranty compliance work it undertakes, in keeping with her duties under the Warranty Contract.

We will expect the Deputy Receiver to actively monitor the activities by Pulte Homes in this regard. If it becomes reasonably apparent that this dispute will not be resolved by the Builder, the Deputy Receiver is to process Petitioner's claim promptly as a Warranty Claim, and cause a competent analysis of the problem to be made, reliable repair cost data determined so that a proper Warranty payment can be made.

In implementing the foregoing, it may be necessary for winter and summer outdoor design conditions to be present in order for performance standard temperature measurements to be made. Also, we will direct the Deputy Receiver to make periodic reports to the Commission concerning the progress made in resolving this claim. Therefore, the Commission will retain jurisdiction in this matter pending its final resolution.

Accordingly, IT IS ORDERED that:

(1) The Deputy Receiver's Determination of Appeal be, and the same is hereby, reversed;

(2) The Builder, Pulte Homes, shall promptly proceed to correct any deficiencies found to exist in the subject residence with regard to its heating and cooling systems determined by reference to the applicable performance standards of the Warranty consistent with the views expressed in this Order;

(3) The Deputy Receiver shall actively monitor any further activities of said Builder with respect to its efforts to correct the defects and make periodic reports of progress made in the resolution of this dispute to the Commission. The reports are to be made on a monthly basis, the first such report to be made no later than 45 days from the date of entry of this Order;

(4) Should it become reasonably apparent that the said Builder is unwilling or unable to correct such defects or warranty violations, the Deputy Receiver shall promptly process a Warranty Claim in keeping with the views expressed in this Order;

(5) The Commission retains jurisdiction hereof for such additional proceedings and orders as may be appropriate; and

(6) This Case is CONTINUED GENERALLY until further order of this Commission.

CASE NO. INS960046
APRIL 1, 1997

PETITION OF
RICHARD OPRENCHAK

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

FINAL ORDER

By an Order of this Commission entered herein on March 7, 1996, this case was assigned to a Hearing Examiner to conduct further proceedings for the purposes of taking evidence and making recommendations to the Commission for the determination of this Petition for Review. Pursuant to that Order, the Hearing Examiner established a procedural schedule and calendared a telephonic hearing date for January 13, 1997.

During the course of the procedural schedule, the Hearing Examiner, by Interim Report, granted the Deputy Receiver's Motion to Dismiss, and thereby, denied Petitioner's termination of employment and plan benefits claims as untimely filed under the Receivership Appeal Procedure. The Determination of Appeal for these claims was issued on November 15, 1995, and Petitioner had until December 15, 1995, to perfect his appeal to this Commission. The Petition for Review was filed with the Commission on December 28, 1995, thirteen days late for these claims.

Petitioner's third and final claim for indemnification of legal expenses was deemed rejected by the Deputy Receiver on December 9, 1995, because no determination was made on the claim by the Deputy Receiver within thirty days of Petitioner's appeal to the Deputy Receiver. (Appeals to the Deputy Receiver are deemed automatically rejected if no determination has been made within thirty days. Sections 8 and 9 of the Receivership Appeal Procedure). This claim was filed timely with the Commission and proceeded toward adjudication on the merits after the Deputy Receiver's Motion for Summary Judgment on this issue was taken under advisement by the Hearing Examiner.

On the appointed day of the hearing, Howard W. Dobbins, Esquire, and Susan E. Salch, Esquire, appeared as counsel for the Deputy Receiver. The Petitioner, Richard Oprenchak, filed no telephone number where he could be reached and did not appear, call or otherwise communicate with the Commission. Counsel for the Deputy Receiver renewed the Motion for Summary Judgment on the indemnification of legal expenses claim. And, again, the Hearing Examiner took the motion under advisement.

After considering the evidence submitted in the case, the Hearing Examiner made the following findings of fact and recommendations:

(i) Petitioner's termination of employment and plan benefits claims, challenged successfully by the Deputy Receiver's Motion to Dismiss, were untimely filed under the Receivership Appeal Procedure, and should be dismissed;

(ii) Petitioner received notice of all pertinent proceedings in the case, and yet failed to respond in any manner;

(iii) Petitioner failed to respond to the Deputy Receiver's Motion for Summary Judgment, and also failed to file any testimony whatsoever in support of his claim for indemnification of legal expenses;

(iv) Based on the pleadings filed herein, there were no material facts in dispute on the indemnification of legal expenses claim; therefore, the Deputy Receiver's Motion for Summary Judgment should be granted; and

(v) The Deputy Receiver's Determination of Appeal denying Petitioner's termination of employment and plan benefits claims should be affirmed, and the Deputy Receiver's rejection of the indemnification of legal expenses claim should be affirmed.

Upon consideration of the pleadings, prefiled testimony, transcript of the hearing, the Hearing Examiner's Interim and Final Reports, and comments filed in response thereto, the Commission is of the opinion and so finds that the Hearing Examiner's findings and recommendations should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver's Motion to Dismiss Petitioner's termination of employment and plan benefits claims, be and it is hereby, GRANTED;

(2) The Deputy Receiver's Motion for Summary Judgment on Petitioner's indemnification of legal expenses claim, be and it is hereby, GRANTED;

(3) The Petition of Richard Oprenchak for review of the Deputy Receiver's Determination of Appeal, be and it is hereby, DENIED;

(4) The Deputy Receiver's Determination of Appeal issued on November 15, 1995, and the Deputy Receiver's rejection of Petitioner's claim for indemnification for legal expenses, effective December 9, 1995, be and they are hereby, AFFIRMED; and

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

CASE NO. INS960059
MAY 21, 1997

PETITION OF
MARK AND CYNTHIA JOSEPH

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

ORDER

By Order of this Commission entered herein on March 15, 1996, this case was assigned to a Hearing Examiner to conduct further proceedings for the purpose of taking evidence and making recommendations to the Commission for the determination of this Petition for Review. Pursuant to that Order, the Hearing Examiner established a procedural schedule and calendared a telephonic hearing for November 19, 1996.

During the course of the procedural schedule, the Deputy Receiver filed a Motion to Dismiss, asserting that the Petition for Review was untimely filed, and that the alleged problems with Petitioners' home did not constitute a major structural defect. By Hearing Examiner Ruling dated July 1, 1996, the motion was denied.

On the hearing date, William R. Mauck, Jr., Esquire, and Susan E. Salch, Esquire, appeared as counsel for the Deputy Receiver of HOW Insurance Company, Home Warranty Corporation, and Home Owners Warranty Corporation ("HOW"). The Petitioners, Mark and Cynthia Joseph appeared pro se, and maintained, inter alia, that their home qualified for coverage under the HOW program due to excessive cracking and heaving of the concrete basement floor slab and a deflected I-beam. However, the Deputy Receiver countered by claiming that a settlement agreement was ultimately reached between the Petitioners and HOW, with respect to the basement floor, when the Petitioners accepted payment of $17,150.00 and executed an unconditional release of HOW and the builder from all claims with respect to the floor slab. Furthermore, the Deputy Receiver asserted that the alleged deflective I-beam claim was not a major structural defect, as defined by the HOW insurance/warranty documents, and therefore outside the scope of coverage.

The HOW insurance/warranty documents define a major structural defect as "[a]ctual physical damage to any of the following load-bearing portions of the home caused by failure of such load-bearing portions that affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unlivable." The eight load-bearing portions of the home are: (1) foundations and footings, (2) beams, (3) girders, (4) lintels, (5) columns, (6) wall and partitions, (7) floor system, and (8) roof framing systems. (Home Owners Warranty Corporation, Insurance Warranty Documents, page 22, paragraph H.)

After reviewing the evidence presented in the case, the Hearing Examiner made the following findings and recommendations:

(i) Petitioners' basement floor slab claim is barred by their acceptance of the $17,150.00 settlement payment and their execution of an unconditional release;

(ii) Petitioners' deflected I-beam claim is denied since the evidence submitted supports a finding that there is very light distress and no damage to the load-bearing structures of the home;

(iii) Petitioners have submitted insufficient evidence to support a finding of a major structural defect; and

(iv) The Commission should enter an Order adopting the findings of his report, affirming the Deputy Receiver's and Special Deputy Receiver's denial of Petitioners' claims, and dismissing this case and passing the papers herein to the file for ended causes.

Upon consideration of the pleadings, prefiled testimony, transcript of the hearing, the Hearing Examiner's Final Report, and the comments filed in response thereto, the Commission is of the opinion and so finds that the Hearing Examiner's findings and recommendations should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Petition of Mark and Cynthia Joseph for review of the Deputy Receiver's Determination of Appeal be, and it is hereby, DENIED;

(2) The Deputy Receiver's Determination of Appeal in Claim No. 3077303-A, issued on October 19, 1995, be, and it is hereby, AFFIRMED; and

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

CASE NO. INS960075
OCTOBER 6, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GRANGERS MUTUAL INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

WHEREAS, for the reasons stated in an order entered herein July 29, 1996, Grangers Mutual Insurance Company's ("Grangers Mutual") license to transact the business of insurance in the Commonwealth of Virginia was suspended by the Commission;

WHEREAS, § 38.2-1040 of the Code of Virginia provides, inter alia, that the Commission may revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent, or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth;

WHEREAS, by order entered in the Circuit Court for Baltimore City, Maryland on August 6, 1997, the Insurance Commissioner of the State of Maryland was ordered to liquidate Grangers Mutual;

WHEREAS, the Bureau of Insurance has recommended that Grangers Mutual license to transact the business of insurance in the Commonwealth of Virginia be revoked;

THEREFORE, IT IS ORDERED that Grangers Mutual TAKE NOTICE that the Commission shall enter an order subsequent to October 17, 1997, revoking the license of Grangers Mutual to transact the business of insurance in the Commonwealth of Virginia unless on or before October 17, 1997, Grangers Mutual files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed revocation of Granger Mutual's license.

CASE NO. INS960075
OCTOBER 23, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GRANGERS MUTUAL INSURANCE COMPANY,
Defendant

ORDER REVOKING LICENSE

WHEREAS, for the reasons stated in an order entered herein October 6, 1997, Defendant was ordered to take notice that the Commission would enter an order subsequent to October 17, 1997, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before October 17, 1997, Defendant filed with the Clerk of the Commission a request for hearing before the Commission to contest the proposed revocation of Defendant's license; and

WHEREAS, as of the date of this order, Defendant has not filed a request to be heard before the Commission with respect to the proposed revocation of the Defendant's license;

THEREFORE IT IS ORDERED:

(1) That, pursuant to Virginia Code § 38.2-1040, the license of Defendant to transact the business of insurance in the Commonwealth of Virginia be, and it is hereby, REVOKED;

(2) That the Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia;

(3) That the appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, REVOKED;

(4) That the Bureau of Insurance shall cause an attested copy of this order to be sent to each of Defendant's agents appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the revocation of such agent's appointment; and

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

CASE NO. INS960083
APRIL 11, 1997

PETITION OF
THOMAS AND MARIA BAZZURRO-CIRAFICI

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

ORDER

By Order of the State Corporation Commission ("Commission") entered herein on April 5, 1996, this case was assigned to a Hearing Examiner to conduct further proceedings for the purpose of taking evidence and making recommendations to the Commission for the determination of this Petition for Review. Pursuant to that Order, the Hearing Examiner established a procedural schedule and calendared a telephonic hearing for November 20, 1996;

On the hearing date, William R. Mauck, Jr., Esquire, and Susan E. Salch, Esquire, appeared as counsel for the Deputy Receiver. The Petitioners, Thomas and Maria Bazzurro-Cirafici appeared pro se, and Durable Homes, Inc., the builder of Petitioners' home and a party to this proceeding, did not appear. The Petitioners contend, inter alia, that their home was built on expansive soil without the necessary and proper site preparation, which resulted in foundation defects and interior and exterior cracking walls. However, the Deputy Receiver countered by claiming that the Petitioners are seeking coverage under a HOW insurance policy for what amounts to a major structural defect, and that they have not produced evidence that a major structural defect has occurred or is occurring presently in their home.

The HOW insurance/warranty documents define a major structural defect as "[a]ctual physical damage to any of the following load-bearing portions of the home caused by failure of such load-bearing portions that affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unlivable." The eight load-bearing portions of the home are: (1) foundations and footings, (2) beams, (3) girders, (4) lintels, (5) columns, (6) wall and partitions, (7) floor system and (8) roof framing systems. (Home Owners Warranty Corporation, Insurance/Warranty Documents, page 22, paragraph H.)

After reviewing the evidence presented in the case, the Hearing Examiner made the following findings and recommendations:

(i) The defects cited by Petitioners do not constitute major structural defects under the definition contained in the HOW insurance/warranty documents;

(ii) There is no evidence of any actual physical damage to any of the eight load-bearing portions of Petitioners' home;

(iii) Petitioners have submitted insufficient evidence to support a finding of a major structural defect;

(iv) Petitioners coverage for a major structural defect under the terms of their policy terminates in the year 2003, and, they have until the expiration of that warranty period to make a claim, if a major structural defect occurs; and

(v) The Commission should enter an order adopting the findings in his report, affirming the Deputy Receiver's and Special Deputy Receiver's denial of Petitioners' claims, and dismissing this case and passing the papers herein to the file for ended causes.

Upon consideration of the pleadings, prefiled testimony, transcript of the hearing, the Hearing Examiner's Final Report and the comments filed in response thereto, the Commission is of the opinion and so finds that the Hearing Examiner's findings and recommendations should be adopted in part. Additionally, the Commission is of the opinion that Petitioners' failure to meet their burden of proof in this case should not bar Petitioners from filing another claim for the same alleged major structural defect in the future. Evidence of a major structural defect would be an engineering report, a building inspector's report, or other demonstrative evidence establishing the presence of a major structural defect in Petitioners' home that the Commission may consider in finding a major structural defect pursuant to the provisions of the HOW insurance/warranty policy. Such evidence was not produced in this case.

ACCORDINGLY, IT IS ORDERED THAT:

(1) The Petition of Thomas and Maria Bazzurro-Cirafici for review of the Deputy Receiver's Determination of Appeal, be and it is hereby, DENIED;

(2) The Deputy Receiver's Determination of Appeal issued in Claim No. Z4114, on March 8, 1996, be, and it is hereby, AFFIRMED;

(3) The Petitioners may submit evidence of a major structural defect in their home to the Deputy Receiver prior to the expiration date of their policy, and the Deputy Receiver shall promptly make a claim determination based on such evidence and the Deputy Receiver's own inspection of the home and the soil upon which the home is located; and

(4) The papers herein be passed to the file for ended causes.

CASE NO. INS960139
NOVEMBER 21, 1997

PETITION OF
RICHARD G. WOOD

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

FINAL ORDER

By an Order of the State Corporation Commission ("Commission") entered herein on May 31, 1996, this case was assigned to a Hearing Examiner to conduct further proceedings for the purpose of taking evidence and making recommendations to the Commission for the determination of this Petition for Review. By Hearing Examiner's Report of October 1, 1996, the Examiner granted a Deputy Receiver's Motion to Dismiss and recommended dismissal of the Petition for Review and affirmation of the Deputy Receiver's Determination of Appeal. By Order dated November 22, 1996, the Commission determined that the aforementioned Motion to Dismiss should be denied and remanded this matter for further proceedings. Pursuant to that Order, the Hearing Examiner established a procedural schedule and calendared a telephonic hearing for April 24, 1997.

On the hearing date, Howard W. Dobbins, Esquire and Susan E. Salch, Esquire, appeared as counsel for the Deputy Receiver. The Petitioner, Richard G. Wood, was represented by Brian W. Shaughnessy, Esquire. Petitioner contends, inter alia, that as a former HOW employee, he is entitled to a pay increase for his promotion in 1992 to vice-president of sales, severance pay, a contribution to the HOW Companies' Money Purchase Plan, an additional contribution to the Money Purchase Plan based on a claim for a retroactive pay increase, and a sales bonus. The Deputy Receiver contends, inter alia, that the Petitioner is not due a merit increase as a result of his promotion to vice-president of sales; that Petitioner's severance pay claim is a valid unsecured general creditor claim; that Petitioner's Money Purchase Plan contribution benefit of six percent (6%) including interest should be based on Petitioner's salary at time of discharge; that the Petitioner is not entitled to an additional contribution to the Money Purchase Plan based on a claim for a retroactive pay increase; and that Petitioner does not qualify for a sales bonus for the year ending December 31, 1994.

After reviewing the evidence presented in the case, the Hearing Examiner made the following findings and recommendations:

(i) Petitioner's claim to a retroactive promotional pay increase is unsubstantiated and should be denied;

(ii) Petitioner is entitled to the 1994 contribution to the Money Purchase Plan of six percent (6%) including interest based on his salary of $70,850;

(iii) Petitioner's claim for an additional contribution to the Money Purchase Plan based on his claim to a retroactive salary increase is unfounded and should be denied;

(iv) Petitioner's claim to twenty-six weeks of severance pay, based on his salary of $70,850, is a valid unsecured general creditor claim in the amount of $29,520.83;

(v) Petitioner's claim for sales bonus compensation under the HOW Companies' incentive plan is unsubstantiated and should be denied; and

(vi) That the Commission should enter and order acknowledging the additional severance pay and Money Purchase Plan contribution to which the Petitioner is entitled and otherwise confirming the Deputy Receiver's Determination of Appeal.

Upon consideration of the pleadings, prefiled testimony, transcripts of the hearing, and the Hearing Examiner's Final Report, the Commission is of the opinion and so finds that the Hearing Examiner's findings and recommendations should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Petition of Richard W. Wood for review of the Deputy Receiver's Determination of Appeal be, and it is hereby, GRANTED, in part;

(2) The Deputy Receiver's Determination of Appeal regarding the Petitioner's sales bonus, promotional pay increase, and additional retroactive salary increase contribution to the HOW Companies' Money Purchase Plan claims be, and it is hereby, AFFIRMED;

(3) The Deputy Receiver's Determination of Appeal regarding Petitioner's severance pay claim be, and it is hereby, MODIFIED, to acknowledge Petitioner's valid unsecured general creditor claim in the amount of $29,520.83;

(4) The Deputy's Receiver's Determination of Appeal regarding Petitioner's claim for contribution to the HOW Companies' Money Purchase Plan be, and it is hereby, REVERSED, to acknowledge Petitioner's entitlement to the 1994 contribution to the Money Purchase Plan of six percent (6%) including interest based on his salary of $70,850, to be paid in accordance with Deputy Receiver's claim payment procedures; and

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

CASE NO. INS960140
JUNE 27, 1997

PETITION OF
MARILYN S. HENDRICKS

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

FINAL ORDER

By an Order of this Commission entered herein on May 30, 1996, this case was assigned to a Hearing Examiner to conduct further proceedings for the purposes of taking evidence and making recommendations to the Commission for the determination of this Petition for Review. Pursuant to that Order, the Hearing Examiner established a procedural schedule and calendared a telephonic hearing for December 5, 1996.

During the course of the procedural schedule, the Deputy Receiver filed a Motion for Partial Summary Judgment to five of the six separate claims for repair of defects filed by Petitioner with the HOW Companies. The Motion for Partial Summary Judgment would be considered during the telephonic hearing.

On the hearing date, Howard W. Dobbins, Esquire, and Joseph N. West, Esquire, appeared as counsel for the Deputy Receiver. The Petitioner, Marilyn S. Hendricks, appeared pro se. After receiving oral argument on the Motion for Partial Summary Judgment, the Hearing Examiner: (i) denied summary judgment as to Petitioner's claim in Dispute File B4146; and (ii) granted summary judgment as to Petitioner's claims in Dispute Files B2642 and B6327. Additionally, Petitioner withdrew her claims in Dispute Files C1722 and C2325 from the present case. The appeal proceeded with Petitioner's claims in Dispute Files A7202 and B4146.

Dispute File A7202 claims relate to numerous defects covered under the first two years of the HOW warranty program, in which a number of the defects were determined to be the builder's responsibility. Repairs were subsequently attempted by the builder. However, a follow-up compliance inspection revealed that a number of defects were still not brought up to HOW standards. Petitioner originally estimated the cost for those remaining repairs for the defects identified in Dispute File A7202 as $5,267.54. The Deputy Receiver refused payment under Dispute File A7207 due to Petitioner's "uncooperative behavior" in failing to allow an inspection of the awarded claim so that a repair estimate could be prepared.

Dispute File B4146 included seventy-two additional defects in which over twenty defects were determined to be the builder's responsibility. HOW relieved the builder from responsibility for warranty repairs because it determined that the builder had not been provided reasonable workday access. Thereafter, Petitioner brought suit against HOW in Small Claims Court of Marian County, Indiana. Petitioner's Complaint alleged that HOW "wrongfully and in bad faith relieved the builder from binding arbitration to repair building defects, leaving attempted and incomplete repairs." On September 14, 1994, Petitioner was awarded a judgment of $6,000 plus costs, and subsequently filed a Satisfaction of Judgment with the Court. Petitioner originally requested an award of $10,554.60 for repairs of defects identified in Dispute File B4146. At the hearing testimony was elicited from the Petitioner that most of the repairs subject to this Petition for Review have been completed at an out-of-pocket cost of at least $10,000.

The Deputy Receiver asserts, inter alia, that: (i) the $6,000 judgment satisfied Petitioner's claim for bad faith as well as her claim for coverage under the warranty documents; (ii) the doctrine of res judicata bars Petitioner from separating her bad faith action from her claim for damages; (iii) under applicable law, Petitioner is required to bring all claims related to alleged problems with the home in one lawsuit; (iv) Petitioner has been reimbursed in full for any losses occurring during years one and two of the coverage period; and (v) any further award on Dispute File B4146 would constitute a double recovery.

After considering the evidence submitted in the case, the Hearing Examiner made the following findings of fact and recommendations:

(i) The Deputy Receiver, by asserting res judicata, has the burden of proof to show that the issues in the small claims action and in this appeal are identical, and has failed to carry that burden;

(ii) The action in this case, which is for the cost of repairs, is related to but not identical to the small claims action;

(iii) The Deputy Receiver's Determination of Appeal should be reversed as to Petitioner's claim in Dispute File A7202;

(iv) Res judicata cannot apply to Petitioner's request for the costs of repairs in Dispute File B4146;

(v) Dispute File B4146 identifies defects in the same house and sets forth distinct and separate problems for which Petitioner seeks reimbursement;

(vi) The Deputy Receiver's Determination of Appeal on Petitioner's claim in Dispute File B4146 should be reversed; and

(vii) The Petitioner's claims in Dispute Files C1722 and C2325 are withdrawn from consideration in this appeal.

Upon consideration of the pleadings, prefiled testimony, transcript of the hearing, and the Hearing Examiner's Final Report, the Commission is of the opinion and so finds that the Hearing Examiner's findings and recommendations should be adopted.

Accordingly, IT IS ORDERED THAT :

(1) The Petition of Marilyn S. Hendricks for review of the Deputy Receiver's Determination of Appeal for claims in Dispute Files A7202 and B4146, be and it is hereby, GRANTED;

(2) The Deputy Receiver's Motion for Partial Summary Judgment on claims in Dispute Files B2642 and B6327, be and it is hereby, GRANTED;

(3) The Deputy Receiver's Determination of Appeal issued on March 26, 1996, on claims in Dispute Files B2642 and B6327, be and it is hereby, AFFIRMED;

(4) The Deputy Receiver's Determination of Appeal issued on March 26, 1996, on claims in Dispute Files A7202 and B4146, be and it is hereby, REVERSED;

(5) The Petitioner's claims for reimbursement of costs of the repairs to the covered defects, be and is hereby awarded, in the amount of ten thousand dollars ($10,000.00), which shall be paid in accordance with the receivership claim payment procedure; and

(6) The Petitioner's claims in Dispute Files C1722 and C2325 be, and are hereby withdrawn from this appeal, without prejudice.

CASE NO. INS960164
JUNE 30, 1997

COMMONWEALTH OF VIRGINIA
at the relation of the
STATE CORPORATION COMMISSION

Ex Parte, In re: Determination of competition as an effective regulator of rates pursuant to Virginia Code § 38.2-1905.1.E.

ORDER VACATING RATE PRE-FILING RULE

WHEREAS, by order entered herein October 7, 1996, pursuant to authority granted the Commission in Virginia Code § 38.2-1905.1, after appropriate notice and hearing, the Commission promulgated a rule whereby insurers licensed to transact the business of property and casualty in this Commonwealth were required to comply with a sixty-day delayed effect rate-filing rule with respect to certain lines and subclassifications of insurance wherein the Commission found that competition is not an effective regulator of the rates charged therefor; and

WHEREAS, effective July 1, 1997, the 1997 General Assembly of Virginia repealed Virginia Code § 38.2-1905.1 and related sections of Chapter 19 of Title 38.2 of the Code of Virginia,

IT IS ORDERED that the sixty-day delayed effect rate-filing rule entered herein by order dated October 7, 1996, be, and it is hereby, VACATED, effective July 1, 1997.

CASE NO. INS960169
JUNE 18, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
HOME INSPECTORS WARRANTY CORPORATION,
Defendant

ORDER TO TAKE NOTICE

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant transacted the business of a home protection company in the Commonwealth of Virginia without first obtaining a license from the Commission pursuant to Virgnia Code § 38.2-2603;

IT FURTHER APPEARING the Commission is authorized pursuant to Virginia Code § 38.2-219 to issue cease and desist orders if there has been a violation of Title 38.2 of the Code of Virginia;

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission enter a cease and desist order against Home Inspectors Warranty Corporation for its violation of Virginia Code § 38.2-2603.

THEREFORE, IT IS ORDERED THAT Defendant TAKE NOTICE that the Commission shall enter a cease and desist order subsequent to July 7, 1997, ordering Defendant to cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-2603 unless on or before July 7, 1997, Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the entry of the cease and desist order.

CASE NO. INS960169
JULY 30, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
HOME INSPECTORS WARRANTY CORPORATION,
Defendant

CEASE AND DESIST ORDER

WHEREAS, the Commission is authorized pursuant to Virginia Code § 38.2-219 to issue cease and desist orders if there has been a violation of Title 38.2 of the Code of Virginia;

WHEREAS, by order entered herein June 18, 1997, for the reasons stated therein, Defendant was ordered to take notice that the Commission would enter a cease and desist order subsequent to July 7, 1997, ordering Defendant to cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-2603 unless on or before July 7, 1997, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the entry of the cease and desist order;

WHEREAS, notice of the entry of the aforesaid cease and desist order was mailed by certified or registered mail to the Defendant at its last known address, and Defendant was also served under the procedure set forth in the Unlicensed Insurers Process Act (Virginia Code § 38.2-800 - § 38.2-811), and as of the date of this order the Defendant has not requested a hearing or otherwise corresponded with the Commission;

THEREFORE, IT IS ORDERED that, as of the date of this order and until further order of the Commission, Defendant shall cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-2603.

CASE NO. INS960170
JANUARY 6, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONS TITLE INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

WHEREAS, for the reasons stated in an order entered herein December 9, 1996, Defendant was ordered to take notice that the Commission would enter an order subsequent to December 20, 1996, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before December 20, 1996, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of Defendant's license; and

WHEREAS, as of the date of this Order, Defendant has not filed a request to be heard before the Commission with respect to the proposed suspension of Defendant's license;

THEREFORE, IT IS ORDERED THAT:

(1) Pursuant to Virginia Code § 38.2-1040, the license of Defendant to transact the business of insurance in the Commonwealth of Virginia be, and it is hereby, SUSPENDED;

(2) The appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, SUSPENDED;

(3) Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia;

(4) Defendant's agents shall transact no new insurance business on behalf of Defendant in the Commonwealth of Virginia;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of Defendant's agents appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

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

CASE NO. INS960211
JANUARY 6, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
HMO VIRGINIA, INC.,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-502.1, 38.2-510.A.5, 38.2-510.A.14, 38.2-511, 38.2-1318.C, 38.2-1812.A, 38.2-1833.A.1, 38.2-1834.C, 38.2-3407.1.B, 38.2-3407.4, 38.2-3407.4.B, 38.2-4301.C, 38.2-4306.A.2, 38.2-4306.A.4.g, 38.2-4306.1.B, 38.2-4308.A, 38.2-4308.B, 38.2-4312.A.1, and 38.2-4312.A.2, as well as 14 VAC 5-90-40, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 B 1, 14 VAC 5-90-90 C, 14 VAC 5-90-130 A, 14 VAC 5-90-170 A, 14 VAC 5-100-50 2, 14 VAC 5-210-50 C 3, 14 VAC 5-210-70 A 1 a, 14 VAC 5-210-70 A 1 b, 14 VAC 5-210-70 A 2, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 H, 14 VAC 5-210-70 H 1, and 14 VAC 5-210-100 B 17;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-4316 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of sixty thousand dollars ($60,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-502.1, 38.2-510.A.5, 38.2-510.A.14, 38.2-511, 38.2-1318.C, 38.2-1812.A, 38.2-1833.A.1, 38.2-1834.C, 38.2-3407.1.B, 38.2-3407.4, 38.2-3407.4.B, 38.2-4301.C, 38.2-4306.A.2, 38.2-4306.A.4.g, 38.2-4306.1.B, 38.2-4308.A, 38.2-4308.B, 38.2-4312.A.1, or 38.2-4312.A.2, as well as 14 VAC 5-90-40, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 b 1, 14 VAC 5-90-90 C, 14 VAC 5-90-130 A, 14 VAC 5-90-170 A, 14 VAC 5-100-50 2, 14 VAC 5-210-50 C 3, 14 VAC 5-210-70 A 1 a, 14 VAC 5-210-70 A 1 b, 14 VAC 5-210-70 A 2, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 H, 14 VAC 5-210-70 H 1, or 14 VAC 5-210-100 B 17; and

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

CASE NO. INS960212
JANUARY 6, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
PHYSICIANS HEALTH PLAN, INC.,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-316.B, 38.2-316.C, 38.2-502.1, 38.2-510.A.5, 38.2-510.A.14, 38.2-511, 38.2-1318.C, 38.2-1812.A, 38.2-1822, 38.2-1833.A.1, 38.2-1834.C, 38.2-3407.1.B, 38.2-3407.4, 38.2-3407.4.B, 38.2-4301.C, 38.2-4306.A.2, 38.2-4306.A.4.g, 38.2-4306.B.1, 38.2-4306.1.B, 38.2-4308.A, 38.2-4311.A, 38.2-4312.A.1, 38.2-4312.A.2 and 38.2-4313, as well as 14 VAC 5-90-40, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 B 1, 14 VAC 5-90-90 C, 14 VAC 5-90-130 A, 14 VAC 5-90-160, 14 VAC 5-90-170 A, 14 VAC 5-100-50 2, 14 VAC 5-210-50 C 3, 14 VAC 5-210-70 A, 14 VAC 5-210-70 A 1 a, 14 VAC 5-210-70 A 1 b, 14 VAC 5-210-70 A 2, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 H 1 and 14 VAC 5-210-100 B 17;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-4316 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of fifty thousand dollars ($50,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-316.B, 38.2-316.C, 38.2-502.1, 38.2-510.A.5, 38.2-510.A.14, 38.2-511, 38.2-1318.C, 38.2-1812.A, 38.2-1822, 38.2-1833.A.1, 38.2-1834.C, 38.2-3407.1.B, 38.2-3407.4, 38.2-3407.4.B, 38.2-4301.C, 38.2-4306.A.2, 38.2-4306.A.4.g, 38.2-4306.B.1, 38.2-4306.1.B, 38.2-4308.A, 38.2-4311.A, 38.2-4312.A.1, 38.2-4312.A.2 or 38.2-4313, as well as 14 VAC 5-90-40, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 B 1, 14 VAC 5-90-90 C, 14 VAC 5-90-130 A, 14 VAC 5-90-160, 14 VAC 5-90-170 A, 14 VAC 5-100-50 2, 14 VAC 5-210-50 C 3, 14 VAC 5-210-70 A, 14 VAC 5-210-70 A 1 a, 14 VAC 5-210-70 A 1 b, 14 VAC 5-210-70 A 2, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 H 1 or 14 VAC 5-210-100 B 17; and

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

CASE NO. INS960213
JANUARY 6, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
HEALTHKEEPERS, INC.,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-316.B, 38.2-316.C, 38.2-502.1, 38.2-510.A.5, 38.2-510.A.10, 38.2-510.A.14, 38.2-511, 38.2-604.A.1.b, 38.2-606.7.a(1), 38.2-610.A.1, 38.2-1318.C, 38.2-1812.A, 38.2-1822.A, 38.2-1833.A.1, 38.2-1834.C, 38.2-3407.1.B, 38.2-3407.3, 38.2-3407.4, 38.2-3407.4.B, 38.2-4301.C, 38.2-4306.A.2, 38.2-4306.A.4.g, 38.2-4306.B.1, 38.2-4306.B.2, 38.2-4306.1.B, 38.2-4308.A, 38.2-4312.A.1, 38.2-4312.A.2 and 38.2-4313, as well as 14 VAC 5-90-40, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 A 2, 14 VAC 5-90-60 B 1, 14 VAC 5-90-90 C, 14 VAC 5-90-130 A, 14 VAC 5-90-160, 14 VAC 5-90-170 A, 14 VAC 5-100-50 2, 14 VAC 5-210-50 C 3, 14 VAC 5-210-70 A 1 b, 14 VAC 5-210-70 A 2, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 H 1, 14 VAC 5-210-90 B 1 a, 14 VAC 5-210-90 B 1 b(2), 14 VAC 5-210-100 B 17, 14 VAC 5-210-110 A and 14 VAC 5-210-110 B;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-4316 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of one hundred fifteen thousand dollars ($115,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-316.B, 38.2-316.C, 38.2-502.1, 38.2-510.A.5, 38.2-510.A.10, 38.2-510.A.14, 38.2-511, 38.2-604.A.1.b, 38.2-606.7.a(1), 38.2-610.A.1, 38.2-1318.C, 38.2-1812.A, 38.2-1822.A, 38.2-1833.A.I, 38.2-1834.C, 38.2-3407.1.B, 38.2-3407.3, 38.2-3407.4, 38.2-3407.4.B, 38.2-4301.C, 38.2-4306.A.2, 38.2-4306.A.4.g, 38.2-4306.B.1, 38.2-4306.B.2, 38.2-4306.1.B, 38.2-4308.A, 38.2-4312.A.1, 38.2-4312.A.2 or 38.2-4313, as well as 14 VAC 5-90-40, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 A 2, 14 VAC 5-90-60 B1, 14 VAC 5-90-90 C, 14 VAC 5-90-130 A, 14 VAC 5-90-160, 14 VAC 5-90-170 A, 14 VAC 5-100-50 2, 14 VAC 5-210-50 C 3, 14 VAC 5-210-70 A 1 b, 14 VAC 5-210-70 A 2, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 H 1, 14 VAC 5-210-90 B 1 a, 14 VAC 5-210-90 B 1 b(2), 14 VAC 5-210-100 B 17, 14 VAC 5-210-110 A or 14 VAC 5-210-110 B; and

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

CASE NO. INS960243
JANUARY 23, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JAMES L. POWELL,
Defendant

ORDER REVOKING LICENSE

IT APPEARING from an investigation by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia as an insurance agent, in certain instances, violated Virginia Code § 38.2-1813 by failing to account for or remit when due premiums collected on behalf of a certain insurer;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1831 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and hearing, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been notified of Defendant's right to a hearing before the Commission in this matter by certified letter dated September 12, 1996, and mailed to the Defendant's address shown in the records of the Bureau of Insurance;

IT FURTHER APPEARING that Defendant, having been advised in the aforesaid manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance;

IT FURTHER APPEARING that the Bureau of Insurance, upon Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent; and

THE COMMISSION is of the opinion and finds that Defendant has violated Virginia Code § 38.2-1813 by failing to account for or remit when due premiums collected on behalf of a certain insurer;

THEREFORE, IT IS ORDERED THAT:

(1) The licenses of Defendant to transact the business of insurance as an agent in the Commonwealth of Virginia be, and they are hereby, revoked;

(2) All appointments issued under said licenses be, and they are hereby, void;

(3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to two (2) years from the date of this order;

(5) The Bureau of Insurance cause a copy of this order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS960269
JANUARY 6, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
UNITED STATES FIDELITY AND GUARANTY COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in a certain instance, violated Virginia Code § 38.2-1906 and the Cease and Desist Order entered by the Commission in Case No. INS930435 by failing to file timely with the Commission notice that the company intended to amend a previously approved policy effective date;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1040 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars ($5,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-1906; and

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

CASE NO. INS960306
JANUARY 23, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MONUMENTAL LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code § 38.2-610 by failing to provide certain insureds with the required notice of an adverse underwriting decision;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of twenty thousand dollars ($20,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-610; and

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

CASE NO. INS960339
JULY 29, 1997

PETITION OF
THEODORE V. AND LINDA D. FARACE

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

ORDER

By Order of the Virginia State Corporation Commission ("the Commission") entered herein on December 5, 1996, this case was assigned to a Hearing Examiner to conduct further proceedings for the purposes of taking evidence and making recommendations to the Commission for the determination of this Petition for Review. Pursuant to that Order, the Senior Hearing Examiner established a procedural schedule and calendared a telephonic hearing for May 7, 1997.

During the course of the procedural schedule, the Deputy Receiver prefiled its telephonic hearing telephone numbers, prepared testimony, and exhibits in accordance with the directives of the Senior Hearing Examiner's Ruling of February 12, 1997. However, the Petitioners filed correspondence dated February 19, 1997, with the Commission, indicating an unwillingness to further participate in the appeal process and the scheduled telephonic hearing. (Commission's D.C.C. No. 97051017).

On March 27, 1997, the Deputy Receiver filed a Motion for Summary Judgment claiming, inter alia, that damage to the Petitioners' home was caused by a flood which is specifically excluded from coverage under the HOW warranty/insurance documents. The Petitioners filed a response on April 25, 1997, contending that the damage to their home was caused by "shabby construction" practices that only became apparent during the flood. By Senior Hearing Examiner Ruling dated April 29, 1997, the Examiner denied the Motion for Summary Judgment.

On the appointed day of the telephonic hearing, Howard W. Dobbins, Esquire, and Lonnie W. Fugit, Esquire, appeared as counsel to the Deputy Receiver. The Petitioners, Theodore V. and Linda D. Farace, did not enter an appearance or otherwise communicate with the Commission. As a result of Petitioners non-appearance at the scheduled hearing, the Senior Hearing Examiner, sua sponte, continued the hearing generally to provide the Petitioners with an additional opportunity to prefile telephonic hearing telephone number(s), testimony and exhibits so their Petition for Review could be heard and considered by the Commission. By letter from the Senior Hearing Examiner dated May 7, 1997, the Petitioners were granted an additional thirty (30) days to execute their filings with the Commission. (Commission's D.C.C. No. 970510211). Petitioners submitted no additional filings or comments in support of their Petition for Review with the Commission.

After considering the case file in this proceeding, the Senior Hearing Examiner made the following findings of fact and recommendation:

(i) Petitioners have not prefiled their telephonic hearing telephone number(s), prepared testimony and exhibits in support of their Petition for Review;

(ii) Petitioners have failed every opportunity to pursue the Commission's hearing of and consideration of their Petition for Review; and

(iii) The Commission should enter an Order Dismissing Petitioners' Petition for Review.

Upon consideration of the pleadings, prefiled testimony, transcript of the hearing and the Senior Hearing Examiner's Report, the Commission is of the opinion and so finds that the Senior Hearing Examiner's findings and recommendation should be adopted.

Accordingly, IT IS SO ORDERED THAT:

(1) The Petition of Theodore V. and Linda D. Farace for review of the Deputy Receiver's Determination of Appeal, be and it is hereby, DENIED;

(2) The Deputy Receiver's Determination of Appeal issued on October 22, 1996, on Claim No. 2859913, be and it is hereby, AFFIRMED; and

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

CASE NO. INS960342
JANUARY 23, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
HUMANA GROUP HEALTH PLAN, INC.,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-316.A, 38.2-316.B, 38.2-316.C, 38.2-502.1, 38.2-503, 38.2-510.A.5, 38.2-511, 38.2-1318.C, 38.2-1812.A, 38.2-1822.A, 38.2-1833.A.1, 38.2-3407.4.A, 38.2-4301.C, 38.2-4306.A.2, 38.2-4306.B.1, 38.2-4306.1, 38.2-4308.A, 38.2-4311.A, 38.2-4311.B, 38.2-4312, and 38.2-4313, as well as 14 VAC 5-90-40, 14 VAC 5-90-50 A, 14 VAC 5-90-60 B 1, 14 VAC 5-90-90 A, 14 VAC 5-90-90 C, 14 VAC 5-90-130 A, 14 VAC 5-90-170 A, 14 VAC 5-210-50 C 3, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 H 1, 14 VAC 210-110 A, and 14 VAC 5-210-110 B;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-4316 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of fifty-four thousand dollars ($54,000) and has waived its right to a hearing; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and

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

CASE NO. INS960343
JANUARY 6, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
SHENANDOAH LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-316.B, 38.2-316.C, 38.2-502.1, 38.2-503, 38.2-511, 38.2-606.7.b, 38.2-606.8, 38.2-1812.A, 38.2-1822.A, 38.2-1833.A.1, 38.2-1834.C and 38.2-3115.B, as well as 14 VAC 5-40-40 A 4, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 B 1, 14 VAC 5-90-70 C, 14 VAC 5-90-90, 14 VAC 5-90-130 A, 14 VAC 5-30-60 2 b, 14 VAC 5-180-50 C 2, 14 VAC 5-180-50 C 3, 14 VAC 5-400-30, 14 VAC 5-400-50 A and 14 VAC 5-400-60 A;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of sixteen thousand dollars ($16,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-316.B, 38.2-316.C, 38.2-502.1, 38.2-503, 38.2-511, 38.2-606.7.b, 38.2-606.8, 38.2-1812.A, 38.2-1822.A, 38.2-1833.A.1, 38.2-1834.C or 38.2-3115.B, as well as 14 VAC 5-40-40 A 4, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 B 1, 14 VAC 5-90-70 C, 14 VAC 5-90-90, 14 VAC 5-90-130 A, 14 VAC 5-30-60 2 b, 14 VAC 5-180-50 C 2, 14 VAC 5-180-50 C 3, 14 VAC 5-400-30, 14 VAC 5-400-50 A or 14 VAC 5-400-60 A; and

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

CASE NO. INS960344
JANUARY 6, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NORTH CENTRAL LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code § 38.2-610 by failing to provide certain insureds with the required notice of an adverse underwriting decision;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of fifteen thousand dollars ($15,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-610; and

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

CASE NO. INS960357
FEBRUARY 12, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CORONET INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

WHEREAS, Virginia Code § 38.2-1040 provides, inter alia, that the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent, or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth;

WHEREAS, by order entered on December 24, 1996, in the Circuit Court of Cook County, Illinois, Coronet Insurance Company, an Illinois-domiciled insurance company, was found to be insolvent and the Director of Insurance of the State of Illinois was ordered to liquidate the company; and

WHEREAS, the Bureau of Insurance has recommended that Coronet Insurance Company's license to transact the business of insurance in the Commonwealth of Virginia be revoked;

THEREFORE, IT IS ORDERED that Coronet Insurance Company TAKE NOTICE that the Commission shall enter an order subsequent to February 27, 1997, revoking the license of the company to transact the business of insurance in the Commonwealth of Virginia unless on or before February 27, 1997, the company files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23216, a request for a hearing before the Commission with respect to the proposed revocation of the company's license.

CASE NO. INS960357
MARCH 6, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CORONET INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

WHEREAS, for the reasons stated in an order entered herein February 12, 1997, Defendant was ordered to take notice that the Commission would enter an order subsequent to February 27, 1997, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before February 27, 1997, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of Defendant's license; and

WHEREAS, as of the date of this Order, Defendant has not filed a request to be heard before the Commission with respect to the proposed suspension of Defendant's license;

THEREFORE, IT IS ORDERED THAT:

(1) Pursuant to Virginia Code § 38.2-1040, the license of Defendant to transact the business of insurance in the Commonwealth of Virginia be, and it is hereby, SUSPENDED;

(2) The appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, SUSPENDED;

(3) Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia;

(4) Defendant's agents shall transact no new insurance business on behalf of Defendant in the Commonwealth of Virginia;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of Defendant's agents appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

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

CASE NO. INS960357
MARCH 19, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CORONET INSURANCE COMPANY,
Defendant

VACATING ORDER

GOOD CAUSE having been shown, the order entered herein March 6, 1997, is hereby, VACATED.

CASE NO. INS960357
MARCH 27, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CORONET INSURANCE COMPANY,
Defendant

ORDER REVOKING LICENSE

WHEREAS, for the reasons stated in an order entered herein February 12, 1997, Defendant was ordered to take notice that the Commission would enter an order subsequent to February 27, 1997, revoking the license of the Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before February 27, 1997, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed revocation of Defendant's license; and

WHEREAS, as of the date of this order, Defendant has not filed a request to be heard before the Commission with respect to the proposed revocation of Defendant's license;

THEREFORE IT IS ORDERED:

(1) That, pursuant to Virginia Code § 38.2-1040, the license of Defendant to transact the business of insurance in the Commonwealth of Virginia be, and it is hereby, REVOKED;

(2) That the Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia;

(3) That the appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, REVOKED;

(4) That the Bureau of Insurance shall cause an attested copy of this order to be sent to each of Defendant's agents appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the revocation of such agent's appointment; and

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

CASE NO. INS960359
MAY 19, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DAVID A. ROTH,
Defendant

ORDER REVOKING LICENSE

IT APPEARING from an investigation by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia as an insurance agent, in certain instances, violated Virginia Code §§ 38.2-502.1 and 38.2-512 by misrepresenting the benefits, advantages, conditions or terms of certain insurance policies, and by making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee or commission;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1831 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and hearing, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been notified of Defendant's right to a hearing before the Commission in this matter by certified letter dated April 7, 1997 and mailed to the Defendant's address shown in the records of the Bureau of Insurance;

IT FURTHER APPEARING that Defendant, having been advised in the aforesaid manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance;

IT FURTHER APPEARING that the Bureau of Insurance, upon Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent; and

THE COMMISSION is of the opinion and finds that Defendant has violated Virginia Code § 38.2-502.1 and 38.2-512 by misrepresenting the benefits, advantages, conditions or terms of certain insurance policies, and by making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee or commission;

THEREFORE, IT IS ORDERED THAT:

(1) The licenses of Defendant to transact the business of insurance as an agent in the Commonwealth of Virginia be, and they are hereby, revoked;

(2) All appointments issued under said licenses be, and they are hereby, void;

(3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to two (2) years from the date of this order;

(5) The Bureau of Insurance cause a copy of this order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS960360
JANUARY 7, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ASSOCIATED COMMERCIAL INSURANCE SERVICE, INC.,
Defendant

ORDER REVOKING LICENSE

IT APPEARING from an investigation by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia as an insurance agent, in certain instances, violated Virginia Code § 38.2-1813 by failing to hold certain funds in a fiduciary capacity and by failing to pay the funds to an insurer or premium finance company in the ordinary course of business;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1831 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and hearing, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been notified of Defendant's right to a hearing before the Commission in this matter by certified letter dated December 3, 1996 and mailed to the Defendant's address shown in the records of the Bureau of Insurance;

IT FURTHER APPEARING that Defendant, having been advised in the aforesaid manner of its right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance;

IT FURTHER APPEARING that the Bureau of Insurance, upon Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent; and

THE COMMISSION is of the opinion and finds that Defendant has violated Virginia Code § 38.2-1813 by failing to hold certain funds in a fiduciary capacity and by failing to pay the funds to an insurer or premium finance company in the ordinary course of business;

THEREFORE, IT IS ORDERED THAT:

(1) The licenses of Defendant to transact the business of insurance as an agent in the Commonwealth of Virginia be, and they are hereby, revoked;

(2) All appointments issued under said licenses be, and they are hereby, void;

(3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to two (2) years from the date of this order;

(5) The Bureau of Insurance cause a copy of this order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS970003
OCTOBER 9, 1997

PETITION OF
CAPSTONE HOMES, INC.

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

FINAL ORDER

By Order of the State Corporation Commission ("the Commission") entered herein on January 13, 1997, this case was assigned to a Hearing Examiner to conduct further proceedings for the purpose of taking evidence and making recommendations to the Commission for the determination of this Petition for Review. Pursuant to that Order, the Hearing Examiner established a procedural schedule and calendared a telephonic hearing for June 30, 1997.

Capstone Homes, Inc. ("Capstone" or "the Builder") appealed the Deputy Receiver's ("the Receiver") Determination of Appeal issued on October 30, 1996, whereby the Receiver ruled that a claim for warranty performance under the Builder's Limited Warranty, made by Richard Aumock and Tami R. Fredericks ("the Homeowners"), for structural defects to the home's foundation and garage slab, was partially the responsibility of Capstone. Specifically, the Receiver found the Builder responsible only for structural defects to the home's foundation, and that the concrete garage slab was excluded from coverage.

On the hearing date, Howard W. Dobbins, Esquire and Lonnie W. Fugit, Esquire, appeared as counsel for the Deputy Receiver. Capstone Homes, Inc., by Paul S. Beveridge, Controller, appeared pro se. The Homeowners, by Tami R. Fredericks, appeared pro se.

Capstone contends, inter alia, that there are no structural defects in the foundation of the home; the structure is within the building code and normal industry standards, and, therefore, there is no cause for compensation to the Homeowners. The Homeowners contend, inter alia, that the structural defects to the home require some form of compensation. The Receiver contends, inter alia, that the Homeowners' claim for warranty performance was timely, that the evidence is clear that there is major structural damage to the foundation, that major structural damage within the first year is covered under warranty, and that the Homeowners should be entitled to recover from the Builder.

After reviewing the evidence presented in the case, the Hearing Examiner made the following findings and recommendations:

(i) The defects to the garage slab were discovered by the Homeowners and reported within the first year of coverage, and are covered under the Builder's Limited Warranty;

(ii) The Builder is responsible for the foundation problems of the Homeowner's home;

(iii) The Commission should enter an order affirming the Deputy Receiver's Determination of Appeal with respect to its finding that the Builder is responsible for the foundation problems; and

(iv) The Commission should reverse the Deputy Receiver's determination that the defects to the garage slab are excluded from coverage.

Upon consideration of the pleadings, prefiled testimony, transcript of the hearing, the Hearing Examiner's Final Report and the Comments filed in response therefor, the Commission is of the opinion and so finds that the Hearing Examiner's findings and recommendations should be adopted.

ACCORDINGLY, IT IS ORDERED THAT:

(1) The Petition of Capstone Home, Inc. for review of the Deputy Receiver's Determination of Appeal, be and it is hereby, DENIED;

(2) The Deputy Receiver's Determination of Appeal issued in Claim No. D1815, on October 30, 1996, finding the Builder responsible for the major structural defects in the Homeowners' foundation, be, and it is hereby, AFFIRMED;

(3) The Deputy Receiver's Determination of Appeal issued in Claim No D1815, on October 30, 1996, excluding the defects to the Homeowners' garage slab from coverage under the Builder's Limited Warranty, be, and it is hereby, REVERSED; and

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

CASE NO. INS970010
MARCH 7, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
LLOYD M. MONTGOMERY,
Defendant

ORDER REVOKING LICENSE

IT APPEARING from an investigation by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia as an insurance agent, in certain instances, violated Virginia Code § 38.2-1813 by failing to hold collected premiums in a fiduciary capacity and by failing to remit in the ordinary course of business premiums collected on behalf of a certain insurer;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1831 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and hearing, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been notified of Defendant's right to a hearing before the Commission in this matter by certified letter mailed to the Defendant's address shown in the records of the Bureau of Insurance, and received by Defendant on January 8, 1997;

IT FURTHER APPEARING that Defendant, having been advised in the aforesaid manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance;

IT FURTHER APPEARING that the Bureau of Insurance, upon Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent; and

THE COMMISSION is of the opinion and finds that Defendant has violated Virginia Code § 38.2-1813 by failing to hold collected premiums in a fiduciary capacity and by failing to remit in the ordinary course of business premiums collected on behalf of a certain insurer;

THEREFORE, IT IS ORDERED THAT:

(1) The licenses of Defendant to transact the business of insurance as an agent in the Commonwealth of Virginia be, and they are hereby, revoked;

(2) All appointments issued under said licenses be, and they are hereby, void;

(3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to two (2) years from the date of this order;

(5) The Bureau of Insurance cause a copy of this order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS970014
JANUARY 23, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
EMPLOYERS INSURANCE OF WAUSAU, A MUTUAL COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code § 38.2-2003 by using a monthly audit program that had not been filed for use in the Commonwealth of Virginia;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of nine thousand dollars ($9,000) and has waived its right to a hearing; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and

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

CASE NO. INS970016
MAY 21, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
HEALTHCARE PROVIDERS GROUP,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in a certain instance, violated 14 VAC 5-370-110 B (Rules Governing Group Self-Insurers of Liability under the Virginia Workers Compensation Act) by failing to obtain Commission approval prior to distributing surplus assets;

IT FURTHER APPEARING that the Commission is authorized by 14 VAC 5-370-150 and 14 VAC 5-370-160 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars ($5,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code § 14 VAC 5-370-110 B; and

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

CASE NO. INS970017
FEBRUARY 26, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONAL IPF COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of an insurance premium finance company in the Commonwealth of Virginia, in certain instances, violated 14 VAC 5-390-70 by failing to report violations of law or irregularities committed by insurance agents or agencies to the Commission;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-4704 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of nineteen thousand dollars ($19,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of 14 VAC 5-390-70; and

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

CASE NO. INS970018
MARCH 11, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AGENCY SERVICES, INC.,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of a premium finance company in the Commonwealth of Virginia, in certain instances, violated 14 VAC 5-390-70 by failing to report promptly to the Commission violations of law or irregularities committed by an insurance agent or agency;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-4704 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of seven thousand five hundred dollars ($7,500), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of 14 VAC 5-390-70; and

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

CASE NO. INS970022
FEBRUARY 10, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JONATHAN S. LOWDER,
Defendant

ORDER REVOKING LICENSE

IT APPEARING from an investigation by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia as an insurance agent, in certain instances, violated Virginia Code §§ 38.2-1809, 38.2-1812, 38.2-1813, and 38.2-1822 by failing to maintain records of insurance transactions for the three previous calendar years, by receiving commissions from a certain insurance company without being properly appointed, by failing to maintain insureds' funds in a fiduciary capacity, and by commingling funds required to be held in a separate fiduciary account with other business funds;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1831 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and hearing, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been notified of Defendant's right to a hearing before the Commission in this matter by certified letter dated December 30, 1996, and mailed to the Defendant's address shown in the records of the Bureau of Insurance;

IT FURTHER APPEARING that Defendant, having been advised in the aforesaid manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance;

IT FURTHER APPEARING that the Bureau of Insurance, upon Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent; and

THE COMMISSION is of the opinion and finds that Defendant has violated Virginia Code §§ 38.2-1809, 38.2-1812, 38.2-1813, and 38.2-1822 by failing to maintain records of insurance transactions for the three previous calendar years, by receiving commissions from a certain insurance company without being properly appointed, by failing to maintain insureds' funds in a fiduciary capacity, and by commingling funds required to be held in a separate fiduciary account with other business funds;

THEREFORE, IT IS ORDERED THAT:

(1) The licenses of Defendant to transact the business of insurance as an agent in the Commonwealth of Virginia be, and they are hereby, revoked;

(2) All appointments issued under said licenses be, and they are hereby, void;

(3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to two (2) years from the date of this order;

(5) The Bureau of Insurance cause a copy of this order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS970025
MARCH 11, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GERALD W. CHILDRESS,
Defendant

ORDER REVOKING LICENSE

IT APPEARING from an investigation by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia as an insurance agent, in certain instances, violated Virginia Code §§ 38.2-1813 and 38.2-1826 by failing to hold collected premiums in a fiduciary capacity, by failing to remit in the ordinary course of business premiums collected on behalf of a certain insurer, and by failing to notify the Commission of a change or address;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1831 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and hearing, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been notified of Defendant's right to a hearing before the Commission in this matter by certified letter dated January 27, 1997, and mailed to the Defendant's address shown in the records of the Bureau of Insurance;

IT FURTHER APPEARING that Defendant, having been advised in the aforesaid manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance;

IT FURTHER APPEARING that the Bureau of Insurance, upon Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent; and

THE COMMISSION is of the opinion and finds that Defendant has violated Virginia Code §§ 38.2-1813 and 38.2-1826 by failing to hold collected premiums in a fiduciary capacity, by failing to remit in the ordinary course of business premiums collected on behalf of a certain insurer, and by failing to notify the Commission of a change or address;

THEREFORE, IT IS ORDERED THAT:

(1) The licenses of Defendant to transact the business of insurance as an agent in the Commonwealth of Virginia be, and they are hereby, revoked;

(2) All appointments issued under said licenses be, and they are hereby, void;

(3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to two (2) years from the date of this order;

(5) The Bureau of Insurance cause a copy of this order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS970027
FEBRUARY 5, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
HUMANA GROUP HEALTH PLAN, INC.,
Defendant

ORDER SUSPENDING LICENSE

WHEREAS, Defendant, a Virginia-domiciled health maintenance organization, has entered a contract for the sale of substantially all of its operations in the Commonwealth of Virginia to Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. ("Kaiser");

WHEREAS, Defendant has agreed with the Bureau of Insurance that it should suspend its operations in the Commonwealth of Virginia after the sale of its assets to Kaiser; and

WHEREAS, Defendant has completed the sale of its assets to Kaiser and requested that its license to transact the business of a health maintenance organization in the Commonwealth of Virginia be suspended pursuant to Virginia Code § 38.2-4316;

THEREFORE IT IS ORDERED,

(1) That, pursuant to Defendant's request and Virginia Code § 38.2-4316, the license of Defendant to transact the business of a health maintenance organization in the Commonwealth of Virginia be, and it is hereby suspended;

(2) That, Defendant shall not issue any new evidences of coverage in the Commonwealth of Virginia until further order of the Commission nor engage in any advertising or solicitation;

(3) That the appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, suspended, subject to the terms of this Order;

(4) That Defendant and Defendant's agents shall transact no new business on behalf of Defendant in the Commonwealth of Virginia until further order of the Commission, except, pursuant to Virginia Code § 38.2-4316(B), Defendant shall enroll newborn children and other newly acquired dependents of existing enrollees;

(5) That the Bureau of Insurance shall cause an attested copy of this Order to be sent to each of Defendant's agent's appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

(6) That the Bureau of Insurance cause notice of the suspension of Defendant's license to be published in the manner set forth in Virginia Code § 38.2-1043.

CASE NOS. INS970037, INS970043, and INS970202
NOVEMBER 4, 1997

PETITIONS OF
JAMES I. BARNETT, et al.,
NATIONAL ASSOCIATION OF HOME BUILDERS OF THE UNITED STATES, et al.,
HOME OWNERS WARRANTY CORPORATION (COUNCIL) OF HOUSTON, TEXAS, INC.

FINAL ORDER

On September 30, 1997, these cases were heard on the Petitions, Orders of Consolidation, the Deputy Receiver's Motions to Dismiss, the Petitioners' Motions in Opposition, Responses thereto, as well as legal Memoranda in support of the parties' positions, and were argued by Counsel.

Upon Consideration Whereof, it appears to the Commission that no material fact is genuinely in dispute and the issues may be resolved as matters of law and procedure. All three petitions request relief from the Deputy Receiver's actions in bringing a civil action in the State of Texas[1] ("Recovery Action"). The purpose of that suit is to marshal assets claimed to be owed to the estate of the Home Owners Warranty Corporation, in Receivership, ("HOW") by the Defendants . Some, but not all, of the Defendants in the Recovery Action are Petitioners in the cases now under consideration.

In the James I. Barnett, et al. ("Barnett") Petition, it is requested that the Commissioner of Insurance, acting in his role as Deputy Receiver, be ordered to dismiss the Recovery Action pending in Texas as to the Petitioners; that he be ordered to conduct any further proceedings against the Petitioners before the Commission; and that all claims against the Petitioners be made in accordance with Paragraph (26) of the October 14, 1994 Receivership Order entered by the Circuit Court of the City of Richmond.[2]

The Petition of the National Association of Home Builders of the United States, et al. ("NAHB") seeks an order from the Commission requiring that the Recovery Action be dismissed; that the Deputy Receiver be ordered to "adjudicate all claims within the State Corporation Commission and ongoing receivership proceedings therein, except such claims as cannot be adjudicated therein; and cease wasteful and abusive litigation."

The last Petition under consideration is that of Home Owners Warranty Corporation (Council) of Houston ("Houston"), which seeks to have the Texas Recovery Action dismissed; to have all claims adjudicated "within the Commission and the receivership proceedings, except such claims as cannot be adjudicated therein;" to cease wasteful and abusive litigation; and allow counter-claims against the Deputy Receiver in any forum in which the receivership sues.

All three petitions contend that Chapter 15 of Title 38.2 (more specifically § 38.2-1508) of the Code of Virginia, as interpreted by the Commission in State Corporation Commission v. Fidelity Bankers Life Insurance Company, Case No. INS910068, 1992 SCC Annual Reports 47, vests exclusive jurisdiction of Recovery Actions with the Commission. Further, all the petitions argue, that by filing the recovery action in Texas, the Deputy Receiver has deprived the Petitioners of a full evidentiary hearing before this Commission and an appeal of right to the Virginia Supreme Court. The Barnett Petition sets forth as a third ground, not contained in the other petitions, the contention that paragraph (26) of the Receivership Order precludes the Deputy Receiver from bringing the Recovery Action against them at all.

The NAHB and Houston petitions also argue that both are creditors of the HOW receivership, by virtue of an indemnity agreement between them and the original HOW companies, and that the Deputy Receiver therefore owes them a fiduciary duty to preserve the estate. These parties argue that by bringing the Recovery Action in Texas the Deputy Receiver has violated that duty by engaging in what the petitions term wasteful litigation. Further, both petitions seek relief on the grounds that NAHB and Houston will be allowed to assert claims arising from the indemnity agreements only through the Receivership Appeal Procedure, which must be heard by this Commission exclusively.

Finally, the Houston Petition asserts that the Deputy Receiver has been negligent in the administration of the HOW Receivership.

Review of the extensive written arguments filed by the parties reveals that the linchpin of each Petition is this Commission's decision in the Fidelity Bankers, case, supra. However, we limited that holding to the specific factual situation of that case.[3]

---

[1] Alfred W. Gross, et al. v. National Association of Home Builders of the United States, et al. Now pending in the 101st Judicial District Court of Dallas County, Texas.

[2] State Corporation Commission and Steven T. Foster, v. Home Warranty Corporation, et al. Court File No. HE - 1057 - 1.

[3] See Fidelity Bankers, Id. page 47.

The Petitioners contend that all cases of this nature must be brought before the Commission, if the Commission can possibly achieve *In Personam* jurisdiction over a defendant. To the contrary, our ruling in Fidelity Bankers, supra, was that this Commission is the sole Virginia state forum in which the Deputy Receiver may bring these types of actions. We did not, and do not, hold that the Deputy Receiver is prohibited from bringing such a suit in another jurisdiction against defendants who might also be properly before this Commission. To hold otherwise would be contrary to the intent of Chapter 15 of Title 38.2. Under these statutes, which govern the rehabilitation and liquidation of insurers, the Receiver and Deputy Receiver are charged with the duty to conserve as much of the receivership estate as possible for the payment of claims. The interpretation asserted in the Petitions would inevitably lead to duplicative litigation which would needlessly deplete the receivership estate.

Therefore, we have reached the conclusion that there is nothing in the Virginia Constitution, Code § 38.2-1508, or our prior decisions which would mandate that the Commission is the sole forum in which the Deputy Receiver can proceed against those petitioners who are also defendants in the Texas Recovery Action. Since the Deputy Receiver's bringing of the Texas Recovery Action is not prohibited, and the Receivership Order expressly authorizes the Deputy Receiver to bring suits in foreign jurisdictions,[4] the Recovery Action is properly before the Texas court.

Next, the Barnett Petitioners also contend that paragraph (26) of the Receivership Order prohibits the bringing of the suit in Texas, or anywhere else. The pertinent portion of paragraph (26) reads as follows: "... the Receiver shall not pursue any action against the officers, directors, and employees of the Respondents for actions taken in good faith (emphasis added) that were based upon opinion, certification, or advice given by outside actuaries or accountants who were not the employees of the Respondents."[5] The Barnett Petition admits, however, that the Texas suit alleges that the Petitioners "had schemed to operate the HOW companies in a fraudulent and improper manner."[6] In view of this allegation, there is no dispute about the focus of the Recovery Action; it is for behavior which is alleged to be fraudulent and improper and is thus outside the scope of paragraph (26). Whether these allegations are ultimately proven is a matter for the Texas court, but paragraph (26) certainly furnishes no bar to such a suit.

All three Petitions contain allegations suggesting that the Recovery Action in Texas was a denial of due process. First, the petitions claim that bringing the action in Texas has denied the Petitioners a full evidentiary hearing before this Commission and an appeal of right to the Supreme Court of Virginia. It is true that Article IX, § 4 of the Constitution of Virginia gives any party aggrieved by a final order, judgment, or finding of this Commission an appeal of right to the Virginia Supreme Court. However, that right only arises when the Commission has exercised jurisdiction over the case and rendered a final decision. In the present situation, as we have already ruled, the Texas Recovery Action may properly proceed in that jurisdiction.

The petitions of NAHB and Houston also allege that these parties are creditors of the receivership estate. They argue that the Receivership Appeal Procedure, as determined by the October 14, 1994, Order of the Circuit Court of the City of Richmond, prohibits them from asserting cross claims against the Deputy Receiver[7] and the HOW receivership estate in the Texas suit, and thus denies them due process.

The extraordinary nature of the relief granted under the receivership statutes requires that the procedures contained in those statutes and the October 14, 1994 Receivership Order be followed to protect all persons who have, or may have, claims against the HOW companies. No special status should be conferred on the petitioners due to the filing of the Recovery Action. Any claim the Petitioners have against the receivership estate must be pursued through the standard Receivership Appeal Procedure.

Neither due process argument is grounded in a substantive constitutional guarantee, but rather, in procedure. There is nothing in the record that would indicate that Texas trial, or appellate, procedures will in any way deny the Petitioners a fair and impartial hearing on the merits of the action now pending in Texas. In addition, although the indemnification claims asserted by the Petitioners against the receivership estate do require a second proceeding to determine their validity, the inconvenience to the Petitioners is offset by the need for an evenhanded administration of the assets of the HOW companies, and to ensure that all claims against the estate are resolved in accordance with Chapter 15, Title 38.2, of the Code of Virginia.

The final grounds asserted by the Petitioners other than Barnett is that the Deputy Receiver and Special Deputy Receiver have been negligent in the administration of the HOW receivership and have committed waste. We view these allegations as being addressed to our administrative role, as Receiver of this estate, of supervising, monitoring and directing the activities of the Deputy Receiver and Special Deputy Receiver,[8] as distinguished from our judicial role in presiding over and deciding formal cases and controversies.

We take the duties of administration and supervision of activities related to this estate very seriously. We have reviewed the above allegations, and will continue to place under immediate scrutiny allegations of mismanagement, abuse or waste in the administration of this or any other receivership. However, as Receiver, at this time, we have found no actions or omissions on the part of the Deputy Receiver or Special Deputy Receiver which indicate any misconduct or need for corrective action in this matter.

Thus, for the reasons stated above, we hold that the Deputy Receiver's Motions to Dismiss should be granted.

Therefore it is Ordered:

(1) That these Petitions be, and they are hereby, dismissed.

---

[4] See the Receivership Order entered on Oct. 14, 1994, page 5, paragraph (3) wherein the Deputy Receiver is authorized "... to take any and all actions it deems advisable in connection with the liquidation or rehabilitation" of the receivership estate. The Order further states that the "... Deputy Receiver and Special Deputy Receiver shall have the power to do such ... acts as conserve or protect ... assets or property ... to initiate and maintain actions at law or equity or any other type of action or proceeding in this or any other jurisdictions". Page 11, paragraph (7) (a) (ii) Id.

[5] Id. page 23, paragraph (26).

[6] See page 3 of the Barnett Petition, INS970037.

[7] As stated earlier, these claims are basically in the form of indemnification agreements signed between NAHB and Houston with the original HOW companies.

[8] As noted in the October, 1994 Receivership Order, page 16, paragraph 11: "The Deputy Receiver and the Special Deputy Receiver shall serve at the pleasure and sole discretion of the Receiver."

CASE NO. INS970038
NOVEMBER 7, 1997

PETITION OF
TERRANCE M. AND JERRI A. MCMAHON

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

FINAL ORDER

By an Order of the State Corporation Commission ("Commission") entered herein on February 20, 1997, this case was assigned to a Hearing Examiner to conduct further proceedings for the purpose of taking evidence and making recommendations to the Commission for the determination of this Petition for Review. Pursuant to that Order, the Hearing Examiner established a procedural scheduled and calendared a telephonic hearing for July 16, 1997.

On the hearing date, Howard W. Dobbins, Esquire, and Lonnie W. Fugit, Esquire, appeared as counsel for the Deputy Receiver. The Petitioners, Terrance M. and Jerri A. McMahon, were represented by Brian R. Martens, Esquire, and Christopher Margand, Esquire. The Petitioners contend, inter alia, that the numerous defects to their home (Petitioners' Ex. 1, Doc. 9 are covered by the HOW Companies Builder's Limited Warranty, and that the Limited Warranty claim reporting period of twenty-five months, should be extended on their claim due to misrepresentations made to them by representative(s) of the builder, Preferred Builder, Inc. The Deputy Receiver contends, inter alia, that none of the alleged problems with the Petitioners' home constitutes a major structural defect as defined in the Home Owners Insurance/Warranty Documents, and that coverage under the Builder's Limited Warranty expired on September 24, 1991, prior to Petitioners submitting their claim.

After reviewing the evidence presented in the case, the Hearing Examiner made the following findings and recommendations:

(i) Many, if not all, of the defects identified by the Petitioners would have been covered under the Builder's Limited Warranty;

(ii) The Limited Warranty and Builder's Default Coverage provisions of the HOW Warranty/Insurance Program terminate two years after commencement;

(iii) Petitioners provided notice of their claim to the HOW Companies in 1996, five years after the expiration period of the Builder's Limited Warranty;

(iv) Petitioners offered no evidence of misrepresentation by the HOW Companies or the Deputy Receiver to cause the Builder's Limited Warranty notice requirement period to be tolled;

(v) Major Structural Defect coverage, under the Home Owners Insurance/Warranty Documents, was in effect when Petitioners filed their claim;

(vi) The lack of bracing of the roof trusses, a part of the roof framing system and a load-bearing portion of the home, was not a major structural defect since no actual failure or physical damage occurred; and

(vii) The Commission should enter an order adopting the findings in her report, and affirming the Deputy Receiver's Determination of Appeal.

Upon consideration of the pleadings, prefiled testimony, transcript of the hearing and the Hearing Examiner's Final Report, the Commission is of the opinion and so finds that the Hearing Examiner's findings and recommendations should be adopted.

ACCORDINGLY, IT IS ORDERED THAT:

(1) The Petition of Terrance M. and Jerri A. McMahon for review of the Deputy Receiver's Determination of Appeal, be and it is hereby, DENIED;

(2) The Deputy Receiver's Determination of Appeal issued in Claim No. 3633946, on January 10, 1997, be and it is hereby, AFFIRMED; and

(3) The papers herein be passed to the file for ended causes.

CASE NO. INS970039
FEBRUARY 13, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by a Multi-State Life Insurance Task Force that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-502.1 and 38.2-503;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement, which is attached hereto and made a part hereof, to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of three hundred eighty-four thousand two hundred dollars ($384,200), has implemented a policyholder Remediation Program, has waived its right to a hearing, and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant shall fully comply with its Remediation Program as set forth in its Settlement Offer and Exhibits A, B, C and D attached thereto and made a part hereof;

(3) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-502.1 or 38.2-503; and

(4) The Commission shall retain jurisdiction of this matter until further order of the Commission to monitor compliance with the terms of this Settlement Order.

NOTE: A copy of the Offer of Settlement 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. INS970040
MARCH 11, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MD INDIVIDUAL PRACTICE ASSOCIATION, INC.,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-502.1, 38.2-503, 38.2-3407.4. A, 38.2-4301. C and 38.2-4312. A, as well as 14 VAC 5-90-50 A, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 B 1, 14 VAC 5-90-130 A, 14 VAC -5-90-170 A, 14 VAC 5-210-50 C 2, 14 VAC 5-210-50 C 3, 14 VAC 5-210-70 A and 14 VAC 5-210-70 C 3;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-4316 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of eleven thousand dollars ($11,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-502.1, 38.2-503, 38.2-3407.4.A, 38.2-4301. C or 38.2-4312. A, as well as 14 VAC 5-90-50 A, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 B 1, 14 VAC 5-90-130 A, 14 VAC -5-90-170 A, 14 VAC 5-210-50 C 2, 14 VAC 5-210-50 C 3, 14 VAC 5-210-70 A or 14 VAC 5-210-70 C 3; and

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

CASE NO. INS970041
DECEMBER 15, 1997

PETITION OF
R&S COLONIAL BUILDERS, INC.

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

FINAL ORDER

By an Order of the Virginia State Corporation Commission ("the Commission") entered herein on February 26, 1997, this case was assigned to a Hearing Examiner to conduct further proceedings for the purposes of taking evidence and making recommendations to the Commission for the determination of this Petition for Review. Pursuant to that Order, the Hearing Examiner established a procedural schedule and calendared a telephonic hearing for July 8, 1997 by Hearing Examiner Ruling dated April 22, 1997. By Hearing Examiner Ruling dated July 17, 1997, the July 8, 1997 hearing was continued generally, and reconvened on July 31, 1997.

During the course of the hearings, Howard W. Dobbins, Esquire, and Lonnie W. Fugit, Esquire, appeared as counsel for the Deputy Receiver. R&S Colonial Builders, Inc. ("the Petitioner") was represented by JoAnne L. Nolte, Esquire, Michael A. Spero, Esquire, and Rory C. Licata, Esquire. Gilbert and Joni Moore ("the Homeowners"), designated as necessary parties to the proceeding, by Hearing Examiner Ruling dated April 22, 1997, were represented by William K. Lewis, Esquire, and Michael D. Nee, Esquire. The Petitioner contends, inter alia, that it is not responsible for repairing the Homeowners' septic system under the builder's limited warranty provisions of the HOW Insurance/Warranty Documents because the septic system has not malfunctioned as defined by section 7:9A-3.4 of the New Jersey Administrative Code. The Deputy Receiver and the Homeowners contend, inter alia, that the Homeowners' septic system is malfunctioning according to the performance standards mandated by section 5:25-3.5(k)1 of the New Jersey Administrative Code.

After reviewing the evidence presented in the case, the Hearing Examiner made the following findings and recommendations:

(i) The HOW Performance Standard for septic systems as set forth in the HOW Insurance/Warranty documents has been supplemented and refined by section 5:25-3.4 through 5:25-3.7 of the New Jersey Administrative Code;

(ii) The Homeowners' septic system is malfunctioning because the select fill has failed and no longer meets the two inches per hour minimum permeability standard mandated by the state of New Jersey;

(iii) The failure of the select fill has caused the septic system's effluent level, on occasion, to rise to within four inches of the surface of the ground;

(iv) The increased level of effluent caused the Homeowners to voluntarily curtail their water consumption levels in an effort to prevent any unnecessary stress on this system and to reduce the possibility of a catastrophic failure;

(v) The Homeowners' septic system is malfunctioning and not capable of properly handling the normal flow of household effluent from their home as stated in the performance standard applicable to septic systems found in section 5:25-3.5(k)1 of the New Jersey Administrative Code;

(vi) The Commission should enter an order affirming the Deputy Receiver's decision, and holding Petitioner responsible for repairing the Homeowners' septic system under the builder's limited warranty.

Upon consideration of the pleadings, prefiled testimony, transcripts of the hearings, the Hearing Examiner's Final Report and comments filed in response thereto, the Commission is of the opinion and so finds that the Hearing Examiner's findings and recommendation should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The petition of R&S Colonial Builders, Inc. for review of the Deputy Receiver's Determination of Appeal be, and it is hereby, DENIED;

(2) The Deputy Receiver's Determination of Appeal issued in Claim No. D3026, on January 10, 1997 be, and it is hereby, AFFIRMED;

(3) The papers herein be passed to the file for ended causes.

CASE NO. INS970042
APRIL 25, 1997

PETITION OF
ERNST & YOUNG LLP

For reversal of certain interpretations of the Bureau of Insurance of Virginia Code §§ 38.2-1300 and 38.2-1314

FINAL ORDER GRANTING MOTION TO DISMISS

On February 18, 1997, Ernst and Young LLP ("E & Y"), by counsel, filed a Petition seeking Commission reversal of certain interpretations of the Bureau of Insurance ("Bureau") related to Va. Code §§ 38.2-1300 and 38.2-1314. On February 27, 1997, the Commission entered an order docketing this matter and providing for responsive pleadings.

The Bureau has filed a Motion to Dismiss ("Motion"), a Memorandum in support, and an Answer, subject to the Motion. E & Y has filed a Memorandum in Opposition to the Bureau's Motion, and a Motion for Entry of a Further Scheduling Order ("Scheduling Motion").

E & Y's Scheduling Motion contends that the Bureau's Motion to Dismiss should be denied, and that a schedule should be established for the determination of the case on the merits.[1] Because we grant the Bureau's Motion to Dismiss herein, there is no reason to consider E & Y's request that we proceed to the merits of the case. Thus, E & Y's Scheduling Motion is denied.

DISCUSSION

E & Y states that its Petition is filed under Rule 3:4 of the Commission's Rules of Practice and Procedure. Rule 3:4 provides:

> Upon written petition of any person in interest dissatisfied with any action taken by a division of the Commission, or by its failure to act, resulting from disputed facts or from disputed statutory interpretation or application, the Commission will set the matter for hearing. If the dispute be one of law only, in lieu of a hearing, the Commission may order a stipulation of facts and submission of the issues and argument by written briefs. Oral argument in any such case shall be with the consent of the Commission.

Two key elements are therefore necessary to support a petition under Rule 3:4: (1) the petitioner must be a "person in interest," and (2) it must be "dissatisfied with [an] action taken by a division of the Commission,... resulting from...disputed statutory interpretation or application."

It is quite apparent that E & Y is "dissatisfied," in the everyday sense of the word, with actions taken by the Bureau (though, as we will explain below, no such actions were taken against E & Y, nor could they have been). Specifically, E & Y believes the Bureau has misinterpreted certain statutory accounting procedures ("SAP") so as to require the annual statements of insurance companies, such as E & Y's client, Homeowners Warranty Insurance Company ("HOWIC")[2] to include a "separate reserve for estimated deficiencies in the unearned premium reserve ("UPR deficiency reserve")."[3] E & Y argues that the Bureau has maintained this position for a considerable period prior to July 1, 1994, and the Bureau appears to agree. However, E & Y contends that it was not until that date that an amendment to Va. Code § 38.2-1314 became effective which authorized the Bureau to require such UPR deficiency reserve. The Bureau disagrees with the latter contention.

E & Y believes it is this incorrect interpretation of SAP by the Bureau which furnished the impetus for the Deputy Receiver of Home Warranty Corporation, Home Owners Warranty Corporation, and HOWIC (collectively, the "HOW Companies") to file suit against E & Y and others in Texas state court on behalf of the HOW Companies.[4] According to E & Y, the suit alleges, among other things, that E & Y was negligent and breached its fiduciary duty by failing to require HOWIC's annual regulatory statements to include a UPR deficiency reserve.

E & Y therefore asks the Commission to reverse this interpretation of SAP by the Bureau. It believes such a reversal will assist it in defending against the Deputy Receiver's suit in Texas.[5]

As explained below, however, we find that E & Y is not a "person in interest" in this matter, as contemplated by Rule 3:4. Thus, its Petition should be dismissed, as the Bureau contends, and there is no occasion to reach the merits of the Bureau's SAP interpretation.

First, the statutes and SAP in question apply only to licensed insurers, such as HOWIC, not to suppliers of services to such insurers, such as accounting firms. Va. Code § 38.2-1314, the key statute in E & Y's complaint, imposes its requirements as follows:

---

[1] E & Y states in its Scheduling Motion that the sole issue raised by the Petition is legal in nature, and that it may therefore be resolved on briefs. Neither the Bureau nor E&Y has requested oral argument on any aspect of this case.

[2] HOWIC is a Virginia risk retention group and property and casualty insurer subject to Va. Code § 38.2-1300, et seq.

[3] E & Y Petition, p. 3.

[4] On October 14, 1994, the Circuit Court for the City of Richmond appointed the State Corporation Commission as Receiver, and then-Commissioner of Insurance Steven T. Foster as Deputy Receiver, of the HOW Companies, pursuant to Va. Code § 38.2-1505. Commissioner of Insurance Alfred W. Gross has since succeeded Commissioner Foster as Deputy Receiver.

[5] See E & Y's Memorandum in Opposition, p. 12.

> ...each insurer licensed to transact the business of insurance in this Commonwealth shall maintain reserves:
>
> 1. In an amount estimated in the aggregate as being sufficient to provide for reported and unreported unpaid losses or claims arising on or prior to the date or any annual or other statement for which the insurer may be liable....
>
> 3. ... Each insurer authorized to write these classes of insurance shall file with its annual statement, schedules of its experience for such insurance in the form the Commission requires and shall calculate the reserves required by this paragraph in the manner prescribed by the Commission.

(Emphasis supplied)

There is nothing in this statute that requires an accounting firm retained by a licensed insurer to do anything. Indeed, the Bureau has no authority to take any action whatsoever against such a firm, and has taken none in this case. So far as relevant here, the same point may be made about the entire insurance code, i.e., our statutory scheme imposes responsibilities on insurance companies, not on those vendors which provide services to them.

E & Y also cites our "Rules Governing Annual Audited Financial Reports" (the "Audit Rules") as additional support for its proposition that Commission regulations are imposed directly on accounting firms. E & Y says:

> The Audit Rules establish minimum qualifications for independent certified public accountants which provide audit reports for insurance companies.
>
> Pursuant to the Audit Rules, E & Y has what is in essence a regulatory relationship with the Commission and the Bureau.[6]

Again, however, it is important to note what entities are subject to the Audit Rules. The "Applicability" section of the Audit Rules, 14 VAC 5-270-20, states that the Rules apply to:

> all life, accident and health, sickness, and property and casualty insurers licensed to transact the business of insurance in Virginia....

In addition, another portion of the Audit Rules, 14 VAC 5-270-70, requires "each insurer" to designate an accountant to perform these services and "the insurer" must obtain a letter from its proposed accountant which indicates that the accountant understands the requirements of insurance regulation, SAP, etc. True, later portions of the regulation specify that any such designated accountant must meet certain standards, but the remedy for non-compliance is to:

> ...require the insurer to replace such Accountant with another whose relationship with the insurer is qualified within the meaning of this regulation.[7]

(Emphasis supplied)

Thus, those subject to the Audit Rules are licensed insurers under our jurisdiction, not their accountants.

But, if the Bureau has no such authority over accountants, how is it that E & Y is being sued in Texas, as described above? The answer is that neither the Commission nor the Bureau is suing E & Y. In essence, E & Y is being sued by its former client, HOWIC. While we explained above that the Commission's power as an insurance regulatory agency in this context generally applies only to insurance companies, we said nothing about the ability of insurance companies themselves to pursue claims against entities which such companies may believe to be liable to them.

To illustrate, assume for a moment that HOWIC was not in receivership. Could HOWIC bring suit against an accounting firm which had provided services to it, if HOWIC believed those services had been rendered incorrectly, perhaps not in accord with applicable law, and had caused damage to HOWIC? Surely this question is rhetorical. Such types of suits are brought every day.

Of course, in actuality, the HOW companies are in receivership; this Commission is the Receiver; and Mr. Gross, our Commissioner of Insurance, is the Deputy Receiver. The only difference these points make by comparison with the above example is that it is the Deputy Receiver which has brought this action in Texas, on behalf of the HOW companies (and its policyholders and creditors), since these companies no longer have the legal ability to act on their own. However, this lawsuit was brought for the benefit of those companies, by the Deputy Receiver, and not by this Commission or the Bureau.

E & Y says, however, that since Mr. Gross is the Commissioner of Insurance, as well as the HOW Deputy Receiver, his actions in each capacity are not distinguishable. Further, the Bureau's SAP interpretation "is being utilized by the Commissioner, in his capacity as Deputy Receiver, to inflict great harm upon E & Y in the Texas proceeding."[8]

E & Y reads too much into the fact that the roles of the Commissioner of Insurance and Deputy Receiver of the HOW companies happen to be filled by the same person. As the cases cited by the Bureau demonstrate, the office of an insurance regulator is legally distinct from that of a receiver of an insurance company in receivership, even though the same person may serve in both capacities. There is nothing novel about this proposition. A banker or

---

[6] E & Y Memorandum in Opposition, p. 9.

[7] 14 VAC 5-270-80.

[8] E & Y Memorandum in Opposition, p. 8.

an attorney, for example, may also serve as a trustee of a trust, or the executor of an estate. Each role carries with it different responsibilities, powers and functions.

In addition, Virginia law provides a mechanism by which receivers other than the Commission may be appointed by the Circuit Court.[9] Second, even when the Commission is appointed Receiver, neither the Commission nor the Circuit Court need appoint any assistants, such as a Deputy Receiver.[10] Even if such assistant is appointed, the office need not be filled by the Commissioner of Insurance, nor any employee of the Commission.[11]

In this case, the mere fact that the same person fills the regulatory role of an insurance regulator and the fiduciary role of Deputy Receiver for an insurance company in receivership, and that E & Y believes the fiduciary has adopted an interpretation of SAP formulated by the regulator, does not make E & Y a "person in interest" under Rule 3:4, since any actions taken by the Bureau were not taken against E & Y.

An analogy may again be helpful. Suppose a non-employee third party had been appointed as the Deputy Receiver here. Could that individual have brought the same Texas suit on behalf of the HOW companies, alleging the same facts, and citing the same Bureau SAP interpretation as support? Obviously; and that being true, it would not be logical to conclude that the actual Deputy Receiver in this case, who also happens to be the Commissioner of Insurance, should have any less authority or discretion, or that E & Y has any more right to complain, under Rule 3:4, of the Bureau's interpretation.

This result does not mean E & Y has no forum in which to make its defense with respect to this matter. The Texas court ultimately will have to decide whether the Deputy Receiver's grounds for this suit are meritorious. Before that decision is made, E & Y will surely have had an opportunity to challenge before that court its alleged liability to the HOW companies, including arguing that Virginia SAP and statutes should not be interpreted as the Deputy Receiver contends.[12]

ACCORDINGLY, IT IS ORDERED:

(1) The Motion of the Bureau of Insurance to dismiss E & Y's Petition is hereby granted;

(2) E & Y's Motion for Entry of a Further Scheduling Order is hereby denied; and

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.

---

[9] Va. Code § 38.2-1504.

[10] Va. Code §§ 38.2-1505, 38.2-1510.

[11] Ibid.

[12] E & Y may have had another option at one point which it could have pursued, that being an appeal under the Receivership Appeal Procedure, challenging the Deputy Receiver's decision to bring the suit in January, 1996. (The Receivership Appeal Procedure was established by the Circuit Court's order of October 14, 1994.) However, as the Bureau's memorandum points out, the time allowed for an appeal under that Procedure has long passed.

CASE NO. INS970045
MARCH 19, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
IDS LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in a certain instance, violated Virginia Code § 38.2-610 by failing to send a certain person notice of an adverse underwriting decision;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1040 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars ($5,000) and has waived its right to a hearing; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and

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

CASE NO. INS970054
JULY 14, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-231, 38.2-304, 38.2-305, 38.2-317, 38.2-1318, 38.2-1904, 38.2-1906, 38.2-2014, 38.2-2206 and 38.2-2220;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of thirty-five thousand dollars ($35,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-231, 38.2-304, 38.2-305, 38.2-317, 38.2-1318, 38.2-1904, 38.2-1906, 38.2-2014, 38.2-2206 and 38.2-2220; and

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

CASE NO. INS970056
APRIL 1, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
RELIANCE STANDARD LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from a target market conduct examination report prepared by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, is alleged to have violated Virginia Code §§ 38.2-502.1 and 38.2-503, as well as 14 VAC 5-40-40 A 2, 14 VAC 5-40-40 A 4, 14 VAC 5-40-40 A 6, 14 VAC 5-40-40 A 9, 14 VAC 5-40-40 B 1, 14 VAC 5-40-40 B 4, 14 VAC 5-40-40 C 2, 14 VAC 5-40-40 D 2, 14 VAC 5-40-40 D 17, 14 VAC 5-40-40 D 18, 14 VAC 5-40-40 J 2 and 14 VAC 5-40-50 C, Rules Governing Life Insurance and Annuity Marketing Practices;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant without admitting the allegations in the aforesaid target market conduct examination, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of nine thousand dollars ($9,000) and has waived its right to a hearing; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and

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

CASE NO. INS970062
MAY 1, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
COLONIAL LIFE & ACCIDENT INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-502.1, 38.2-502.4 and 38.2-503, as well as 14 VAC 5-40-40 A 1, 14 VAC 5-40-40 A 4, 14 VAC 5-40-40 F 1, 14 VAC 5-40-60 B, 14 VAC 5-90-50 B, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 A 7, 14 VAC 5-90-60 B 1, 14 VAC 5-90-60 C 2, 14 VAC 5-90-70, 14 VAC 5-90-90 A, 14 VAC 5-90-90 C, 14 VAC 5-90-100 A, 14 VAC 5-90-110 A, 14 VAC 5-90-160, and 14 VAC 5-90-170 A;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of twenty-one thousand dollars ($21,000) and has waived its right to a hearing; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and

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

CASE NO. INS970070
MARCH 19, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
PETROLEUM CASUALTY COMPANY,
Defendant

IMPAIRMENT ORDER

WHEREAS, Petroleum Casualty Company, a foreign corporation domiciled in the State of Texas and licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum surplus of $3,000,000; .

WHEREAS, Virginia Code § 38.2-1036 provides, inter alia, that if the Commission finds an impairment of the required minimum surplus of any foreign insurer, the Commission may order the insurer to eliminate the impairment and restore the minimum surplus to the amount required by law and may prohibit the insurer from issuing any new policies in the Commonwealth of Virginia while the impairment of its surplus exists; and

WHEREAS, Defendant's 1996 Annual Statement filed with the Commission's Bureau of Insurance, indicates a surplus of $2,833,824;

IT IS ORDERED that on or before May 16, 1997, Defendant eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer.

IT IS FURTHER ORDERED that Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia while impairment of Defendant's surplus exists and until further order of the Commission.

CASE NO. INS970070
MAY 21, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
PETROLEUM CASUALTY COMPANY,
Defendant

FINAL ORDER

WHEREAS, by order entered herein March 19, 1997, Defendant was ordered to eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer;

WHEREAS, by affidavit of Defendant's Secretary, filed with the Clerk of the Commission, the Commission was advised that, as of April 30, 1997, Defendant restored its surplus to policyholders to at least $3,000,000;

WHEREAS, the Bureau of Insurance has recommended that the Impairment Order entered by the Commission be vacated; and

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that the Impairment Order entered by the Commission should be, and it is hereby, VACATED.

CASE NO. INS970073
MAY 7, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
IVY JOE BOSTICK, SR.,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-502.1, 38.2-503 and 38.2-512, as well as 14 VAC 5-40-40 F 11 by misrepresenting the benefits, advantages, conditions or terms of certain insurance policies, by using advertising that was untrue, deceptive or misleading, by making false or fraudulent statements on or relative to an application for an insurance policy for the purpose of obtaining a fee or commission, and by holding himself out as financial planner, investment advisor, financial consultant, or financial counselor when he was not licensed to engage in such business;

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

IT FURTHER APPEARING that Defendant has been advised of his right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of twelve thousand five hundred dollars ($12,500), has waived his right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-502.1, 38.2-503 or 38.2-512, as well as 14 VAC 5-40-40 F 11; and

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

CASE NO. INS970075
APRIL 11, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CAPITOL AMERICAN LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-502.1 and 38.2-503, as well as 14 VAC 5-90-40, 14 VAC 5-90-50 A, 14 VAC 5-90-60 A 1, 14 VAC 5-90-60 A 2, 14 VAC 5-90-60 A 7, 14 VAC 5-90-60 B 1, 14 VAC 5-90-90 A, 14 VAC 5-90-100 A, 14 VAC 5-90-130 A, and 14 VAC 5-90-170 A;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1040 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of eight thousand dollars ($8,000) and has waived its right to a hearing; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and

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

CASE NO. INS970079
MAY 19, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERICAN FIDELITY ASSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code § 38.2-610 by failing to provide certain persons the required notice of an adverse underwriting decision;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars ($5,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-610; and

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

CASE NO. INS970085
MAY 2, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
JERRY M. NIELSON,
Defendant

ORDER REVOKING LICENSE

IT APPEARING from an investigation by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia as an insurance agent, in certain instances, violated Virginia Code §§ 38.2-502 and 38.2-503, as well as 14 VAC 5-40 (Rules Governing Life Insurance and Annuity Marketing Practices) by misrepresenting a life insurance policy as a retirement or savings program;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1831 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and hearing, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been notified of Defendant's right to a hearing before the Commission in this matter by certified letter dated March 21, 1997, and mailed to the Defendant's address shown in the records of the Bureau of Insurance;

IT FURTHER APPEARING that Defendant, having been advised in the aforesaid manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance;

IT FURTHER APPEARING that the Bureau of Insurance, upon Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent; and

THE COMMISSION is of the opinion and finds that Defendant has violated Virginia Code § 38.2-502 and 38.2-503, as well as 14 VAC 5-40 (Rules Governing Life Insurance and Annuity Marketing Practices) by misrepresenting a life insurance policy as a retirement or savings program;

THEREFORE, IT IS ORDERED THAT:

(1) The licenses of Defendant to transact the business of insurance as an agent in the Commonwealth of Virginia be, and they are hereby, revoked;

(2) All appointments issued under said licenses be, and they are hereby, void;

(3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to two (2) years from the date of this order;

(5) The Bureau of Insurance cause a copy of this order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS970086
MARCH 31, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
COMMONWEALTH NATIONAL LIFE INSURANCE COMPANY,
Defendant

IMPAIRMENT ORDER

WHEREAS, Commonwealth National Life Insurance Company, a foreign corporation domiciled in the State of Mississippi and licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum surplus of $3,000,000;

WHEREAS, Virginia Code § 38.2-1036 provides, inter alia, that if the Commission finds an impairment of the required minimum surplus of any foreign insurer, the Commission may order the insurer to eliminate the impairment and restore the minimum surplus to the amount required by law and may prohibit the insurer from issuing any new policies in the Commonwealth of Virginia while the impairment of its surplus exists; and

WHEREAS, Defendant's 1996 Annual Statement filed with the Commission's Bureau of Insurance, indicates surplus of $1,718,663;

IT IS ORDERED that on or before May 28, 1997, Defendant eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer.

IT IS FURTHER ORDERED that Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of Defendant's surplus exists and until further order of the Commission.

CASE NO. INS970086
JULY 18, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
COMMONWEALTH NATIONAL LIFE INSURANCE,
Defendant

FINAL ORDER

WHEREAS, by order entered herein March 31, 1997, Defendant was ordered to eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer;

WHEREAS, by affidavit of Defendant's Treasurer and Comptroller, filed with the Commission's Bureau of Insurance, the Commission was advised that, as of June 23, 1997, Defendant restored its surplus to policyholders to at least $3,000,000;

WHEREAS, the Bureau of Insurance has recommended that the Impairment Order entered by the Commission be vacated; and

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that the Impairment Order entered by the Commission should be, and it is hereby, VACATED.

CASE NO. INS970098
APRIL 10, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
THE HOME INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

WHEREAS, Virginia Code § 38.2-1040 provides, inter alia, that the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent, or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth;

WHEREAS, by order entered on March 3, 1997, the Commissioner of Insurance for the State of New Hampshire, the domicilliary insurance regulator for The Home Insurance Company ("The Home"), placed The Home under his supervision to protect the company's policyholders, claimants and creditors;

WHEREAS, the Insurance Commissioner for the State of New Hampshire has ordered The Home to cease writing any new insurance business; and

WHEREAS, The Home's actuaries have opined that The Home's current surplus may be inadequate in relation to estimate of the company liabilities;

THEREFORE, IT IS ORDERED that Defendant TAKE NOTICE that the Commission shall enter an order subsequent to April 24, 1997, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before April 24, 1997, Defendant files with the Clerk of the Commission, Document Control Center, 1300 East Main Street, Richmond, Virginia 23219, a request for a hearing before the Commission with respect to the proposed suspension of Defendant's license.

CASE NO. INS970098
MAY 20, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
THE HOME INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

WHEREAS, for the reasons stated in an order entered herein April 10, 1997, Defendant was ordered to take notice that the Commission would enter an order subsequent to April 24, 1997, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before April 24, 1997, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of Defendant's license; and

WHEREAS, Defendant filed a response to the Commission's Order to Take Notice, but did not otherwise object to the proposed suspension of Defendant's license;

THEREFORE, IT IS ORDERED THAT:

(1) Pursuant to Virginia Code § 38.2-1040, the license of Defendant to transact the business of insurance in the Commonwealth of Virginia be, and it is hereby, SUSPENDED;

(2) The appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, SUSPENDED;

(3) Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia;

(4) Defendant's agents shall transact no new insurance business on behalf of Defendant in the Commonwealth of Virginia;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of Defendant's agents appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

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

CASE NO. INS970101
APRIL 11, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERICAN NATIONAL FINANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

WHEREAS, by letter filed with the Bureau of Insurance, Defendant has voluntarily consented to the suspension of its license to transact the business of an insurance premium finance company in the Commonwealth of Virginia;

THEREFORE, IT IS ORDERED:

(1) That, pursuant to Virginia Code § 38.2-4704, the license of Defendant to transact the business of an insurance premium finance company in the Commonwealth of Virginia be, and it is hereby, SUSPENDED;

(2) That the appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, SUSPENDED;

(3) That Defendant shall issue no new insurance premium finance contracts in the Commonwealth of Virginia;

(4) That Defendant's agents shall transact no new insurance premium finance business on behalf of Defendant in the Commonwealth of Virginia; and

(5) That Defendant shall cause a copy of this order to be sent to each of Defendant's agents appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment.

CASE NO. INS970102
APRIL 11, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MONY CREDIT CORPORATION,
Defendant

ORDER SUSPENDING LICENSE

WHEREAS, by letter filed with the Bureau of Insurance, Defendant has voluntarily consented to the suspension of its license to transact the business of an insurance premium finance company in the Commonwealth of Virginia;

THEREFORE, IT IS ORDERED:

(1) That, pursuant to Virginia Code § 38.2-4704, the license of Defendant to transact the business of an insurance premium finance company in the Commonwealth of Virginia be, and it is hereby, SUSPENDED;

(2) That the appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, SUSPENDED;

(3) That Defendant shall issue no new insurance premium finance contracts in the Commonwealth of Virginia;

(4) That Defendant's agents shall transact no new insurance premium finance business on behalf of Defendant in the Commonwealth of Virginia; and

(5) That Defendant shall cause a copy of this order to be sent to each of Defendant's agents appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment.

CASE NO. INS970109
APRIL 15, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
WASHINGTON NATIONAL INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code § 38.2-610 by failing to provide certain persons with the required notice of an adverse underwriting decision;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of ten thousand five hundred dollars ($10,500), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-610; and

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

CASE NO. INS970116
MAY 19, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
RONALD LEE BAIN,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-502.1, 38.2-512, 38.2-1813.A, 38.2-3103 and 38.2-3403 by misrepresenting the benefits, advantages, conditions or terms of certain medicare supplement policies, by making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee or commission, by failing to remit premiums collected on behalf of a certain insurer, and by attempting to secure life and health insurance policies on individuals who were not in an insurable condition by means of misrepresentation;

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

IT FURTHER APPEARING that Defendant has been advised of his right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars ($5,000), has waived his right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-502.1, 38.2-512, 38.2-1813, 38.2-3103 or 38.2-3403; and

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

CASE NO. INS970122
JUNE 18, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
THE LIFE INSURANCE COMPANY OF VIRGINIA,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code § 38.2-316.A. 38.2-316.C, 38.2-502.1, 38.2-503, 38.2-511, 38.2-606.8, 38.2-1812, 38.2-1833.A.1, 38.2-1834.C and 38.2-3115.B, as well as 14 VAC 5-30-60 2 b, 14 VAC 5-40-40 A 4, 14 VAC 5-40-40 A 6, 14 VAC 5-40-40 E 2, 14 VAC 5-40-40 F 1, 14 VAC 5-40-40 F 3, 14 VAC 5-40-60 B, 14 VAC 5-70-80 C, 14 VAC 5-80-100, 14 VAC 5-90-60 A 1, 14 VAC 5-90-170 A, 14 VAC 5-180-50 C 2, 14 VAC 5-180-50 C 3 a, 14 VAC 5-180-50 C 3 b, 14 VAC 5-400-50 A, 14 VAC 5-400-50 B, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, and 14 VAC 5-400-70 A;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of nineteen thousand dollars ($19,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-316.A. 38.2-316.C, 38.2-502.1, 38.2-503, 38.2-511, 38.2-606.8, 38.2-1812, 38.2-1833.A.1, 38.2-1834.C, or 38.2-3115.B, as well as 14 VAC 5-30-60 2 b, 14 VAC 5-40-40 A 4, 14 VAC 5-40-40 A 6, 14 VAC 5-40-40 E 2, 14 VAC 5-40-40 F 1, 14 VAC 5-40-40 F 3, 14 VAC 5-40-60 B, 14 VAC 5-70-80 C, 14 VAC 5-80-100, 14 VAC 5-90-60 A 1, 14 VAC 5-90-170 A, 14 VAC 5-180-50 C 2, 14 VAC 5-180-50 C 3 a, 14 VAC 5-180-50 C 3 b, 14 VAC 5-400-50 A, 14 VAC 5-400-50 B, 14 VAC 5-400-60 A, 14 VAC 5-400-60 B, or 14 VAC 5-400-70 A; and

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

CASE NO. INS970124
JULY 15, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of adopting Rules Governing Viatical Settlement Providers and Viatical Settlement Brokers

ORDER TO TAKE NOTICE

WHEREAS, Virginia Code § 12.1-13 provides that the Commission shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction;

WHEREAS, the Bureau of Insurance has submitted to the Commission a proposed regulation entitled "Rules Governing Viatical Settlement Providers and Viatical Settlement Brokers" in order to implement the Viatical Settlements Act (Chapter 57 of Title 38.2 of the Code of Virginia); and

WHEREAS, the Commission is of the opinion that a hearing should be held to consider the adoption of the proposed regulation;

THEREFORE, IT IS ORDERED THAT:

(1) The proposed regulation entitled "Rules Governing Viatical Settlement Providers and Viatical Settlement Brokers" be appended hereto and made a part of the record herein;

(2) A hearing be held in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia at 10:00 a.m. on September 11, 1997, for the purpose of considering the adoption of the proposed regulation;

(3) On or before August 29, 1997, any person desiring to comment in support of, or in opposition to, the proposed regulation shall file such comments in writing with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23216;

(4) On or before August 29, 1997, any person intending to appear and be heard at the hearing on the proposed regulation shall file written notice of his intention to do so with the Clerk of the Commission at the address above;

(5) All filings made under paragraphs (3) and (4) shall contain a reference to Case No. INS970124;

(6) An attested copy hereof, together with a copy of the proposed regulation, be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Gerald A. Milsky who shall forthwith give further notice of the proposed regulation and hearing by mailing a copy of this order, together with a copy of the proposed regulation, to all life insurance companies licensed in the Commonwealth of Virginia and other interested parties; and

(7) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (6) above.

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

CASE NO. INS970124
SEPTEMBER 16, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of adopting Rules Governing Viatical Settlement Providers and Viatical Settlement Brokers

ORDER ADOPTING REGULATION

WHEREAS, by order entered herein July 15, 1997, the Commission ordered that a hearing be conducted on September 11, 1997, for the purpose of considering the adoption of a regulation proposed by the Bureau of Insurance ("Bureau") entitled "Rules Governing Viatical Settlement Providers and Viatical Settlement Brokers;

WHEREAS, the Commission conducted the aforesaid hearing where it received technical and substantive amendments to the proposed regulation;

THE COMMISSION, having considered the proposed regulation and the amendments thereto, is of the opinion that the regulation, as amended, should be adopted;

THEREFORE, IT IS ORDERED that the regulation entitled "Rules Governing Viatical Settlement Providers and Viatical Settlement Brokers" which is attached hereto should be, and it is hereby, ADOPTED to be effective October 15, 1997.

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

CASE NO. INS970125
JUNE 20, 1997

PETITION OF
CONFEDERATION LIFE INSURANCE COMPANY (U.S.), IN REHABILITATION

For approval of an assumption reinsurance agreement pursuant to Virginia Code § 38.2-136.C.(ii)

ORDER GRANTING APPROVAL OF PETITION

ON A FORMER DAY came Confederation Life Insurance Company (U.S.), In Rehabilitation (CLICUS), a foreign insurer domiciled in the State of Michigan and licensed by the Bureau of Insurance, by letter dated April 15, 1997 of its Second Special Deputy Rehabilitator, Julian Burke, and, pursuant to Virginia Code § 38.2-136.C.(ii), requested that the Commission approve an assumption reinsurance agreement between CLICUS and Hartford Life and Accident Insurance Company (HLAIC), a Connecticut-domiciled insurer licensed to transact the business of insurance in the Commonwealth of Virginia, wherein CLICUS agrees to cede and HLAIC agrees to assume all policy obligations of CLICUS with respect to the individual health, group health, group long-term disability and group life insurance issued by CLICUS to residents of the Commonwealth of Virginia and certain other states. On October 23, 1996, the Circuit Court for the County of Ingham, Michigan, in CASE 94-78300-CR, entered an order of liquidation of CLICUS upon a finding by said court that CLICUS was insolvent as of August 12, 1994 and "that further attempts to rehabilitate CLICUS apart from a liquidating plan of rehabilitation are futile and would substantially increase the risk of loss to creditors, policyholders and to the public."

AND THE COMMISSION, having considered the petition herein, the recommendations of the Bureau of Insurance and the Virginia Life, Accident and Sickness Insurance Guaranty Association that said petition be approved, and the law applicable thereto, is of the opinion, finds and ORDERS that the petition seeking approval of the assumption reinsurance agreement by and between CLICUS and HLAIC be, and it is hereby, APPROVED, *provided* that policyholders whose CLICUS contracts are assumed and reinsured by HLAIC under the assumption reinsurance agreement approved herein shall not lose any rights or claims afforded them pursuant to Chapter 17 of Title 38.2 of the Code of Virginia (§§ 38.2-1700 *et seq.*) with respect to their CLICUS contracts. A copy of the assumption reinsurance agreement approved herein shall be retained by the Clerk of the Commission in the case file of this matter.

CASE NO. INS970126
MAY 22, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DOMINION DENTAL SERVICES, INC.,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, not currently licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-4301.A, 38.2-4306.A.2, 38.2-4306.A.4 and 38.2-4306.B.1 by enrolling subscribers in its dental plan, and disseminating applications for coverage, evidences of coverage, marketing material, and provider lists to subscribers without first obtaining a license from the Commission as a health maintenance organization;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218 and 38.2-219 to impose certain monetary penalties and issue cease and desist orders upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of twenty-five thousand dollars ($25,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-4301.A; and

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

CASE NO. INS970128
MAY 21, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
INTEGON GENERAL INSURANCE CORPORATION,
INTEGON INDEMNITY CORPORATION,
NEW SOUTH INSURANCE COMPANY,
and
INTEGON NATIONAL INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendants, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code § 38.2-1812 by paying insurance commissions to approximately 30 insurance agencies without first appointing the agencies;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1040 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that Defendants have committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendants have been advised of their right to a hearing in this matter, whereupon Defendants have made an offer of settlement to the Commission wherein Defendants have tendered to the Commonwealth of Virginia the sum of five thousand dollars ($5,000), have waived their right to a hearing and have agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendants pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendants cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-1812; and

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

CASE NO. INS970135
JUNE 18, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERICAN ALLIANCE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in a certain instance, violated Virginia Code § 38.2-1906 by failing to file timely with the Commission notice that the company intended to delay the implementation of loss costs filed on its behalf by the Insurance Services Office, Inc.;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1040 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars ($5,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-1906; and

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

CASE NO. INS970136
JUNE 18, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
GREAT AMERICAN INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code § 38.2-1906 by failing to file timely with the Commission notice that the company intended to delay implementation of crime loss costs filed on its behalf by the Insurance Services Office, Inc., and by failing to file timely with the Commission notice that the company intended to delay implementation of supplementary commercial automobile rate information filed on is behalf by the Insurance Services Office, Inc.;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of seven thousand five hundred dollars ($7,500), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-1906; and

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

CASE NO. INS970137
JUNE 18, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERICAN NATIONAL FIRE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in a certain instance, violated Virginia Code § 38.2-1906 by failing to file timely with the Commission notice that the company intended to delay implementation of loss costs filed on its behalf by the Insurance Services Office, Inc.;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1040 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of seven thousand five hundred dollars ($7,500), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-1906; and

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

CASE NO. INS970138
JULY 10, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
UNITED STATES FIDELITY AND GUARANTY INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in a certain instance, violated Virginia Code § 38.2-1906 by failing to file timely with the Commission notice that the company intended to delay implementation of supplementary rate information filed on its behalf by the Insurance Services Office, Inc.;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1040 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of ten thousand dollars ($10,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-1906; and

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

CASE NO. INS970149
JUNE 18, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
PROGRESSIVE CASUALTY INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-305, 38.2-510.A.10, 38.2-511, 38.2-2014, 38.2-2202, 38.2-2208, and 38.2-2220, as well as 14 VAC 5-390-40 D, 14 VAC 5-400-30, 14 VAC 5-400-70 D and 14 VAC 5-400-80;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of eight thousand dollars ($8,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-305, 38.2-510.A.10, 38.2-511, 38.2-2014, 38.2-2202, 38.2-2208, or 38.2-2220, as well as 14 VAC 5-390-40 D, 14 VAC 5-400-30, 14 VAC 5-400-70 D or 14 VAC 5-400-80; and

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

CASE NO. INS970150
JUNE 19, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
PROGRESSIVE NORTHWESTERN INSURANCE COMPANY,
PROGRESSIVE GULF INSURANCE COMPANY,
and
PROGRESSIVE NORTHERN INSURANCE COMPANY,
Defendants

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendants, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated certain sections of the Code of Virginia, to wit: Progressive Northwestern Insurance Company violated Virginia Code §§ 38.2-231, 38.2-511, 38.2-1906 and 38.2-510.A.10, as well as 14 VAC 5-400-30, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D; Progressive Gulf Insurance Company violated Virginia Code §§ 38.2-305, 38.2-510.A.10, 38.2-511, 38.2-1905, 38.2-1906, 38.2-2014, 38.2-2206, 38.2-2220 and 38.2-2223, as well as 14 VAC 5-400-30, 14 VAC 5-400-70 D and 14 VAC 5-400-80 D; and Progressive Northern Insurance Company violated Virginia Code §§ 38.2-305, 38.2-511, 38.2-1906 and 38.2-2202;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1040 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendants' licenses upon a finding by the Commission, after notice and opportunity to be heard, that Defendants have committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendants have been advised of their right to a hearing in this matter, whereupon Defendants have made an offer of settlement to the Commission wherein Defendants have tendered to the Commonwealth of Virginia the sum of one hundred twenty five thousand dollars ($125,000), have waived their right to a hearing and have agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendants pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant, Progressive Northern Insurance Company, cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-231, 38.2-511, 38.2-1906, or 38.2-510.A.10, as well as 14 VAC 5-400-30, 14 VAC 5-400-70 D, or 14 VAC 5-400-80 D;

(3) Defendant, Progressive Gulf Insurance Company, cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-305, 38.2-510.A.10, 38.2-511, 38.2-1905, 38.2-1906, 38.2-2014, 38.2-2206, 38.2-2220, or 38.2-2223, as well as 14 VAC 5-400-30, 14 VAC 5-400-70 D, or 14 VAC 5-400-80 D;

(4) Defendant, Progressive Northern Insurance Company, cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-305, 38.2-511, 38.2-1906, or 38.2-2202; and

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

CASE NO. INS970150
JULY 8, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
PROGRESSIVE NORTHWESTERN INSURANCE COMPANY,
PROGRESSIVE GULF INSURANCE COMPANY,
and
PROGRESSIVE NORTHERN INSURANCE COMPANY,
Defendants

CORRECTING ORDER

IT APPEARING that the Settlement Order entered herein contained a typographical error in ordering paragraph number (2);

THEREFORE IT IS ORDERED that the name of Defendant in the aforesaid ordering paragraph be corrected to read Progressive Northwestern Insurance Company.

CASE NO. INS970151
JUNE 18, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MAMSI LIFE AND HEALTH INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-316.A, 38.2-316.B, 38.2-316.C, 38.2-502.1, 38.2-503, 38.2-510.A.5, 38.2-604, 38.2-1834.C, 38.2-3407.3.A, 38.2-3407.4.A and 38.2-3412.1.C, as well as 14 VAC 5-90-60 B 1, 14 VAC 5-90-130 A and 14 VAC 5-90-170 A;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of forty-five thousand dollars ($45,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-316.A, 38.2-316.B, 38.2-316.C, 38.2-502.1, 38.2-503, 38.2-510.A.5, 38.2-604, 38.2-1834.C, 38.2-3407.3.A, 38.2-3407.4.A, or 38.2-3412.1.C, as well as 14 VAC 5-90-60 B 1, 14 VAC 5-90-130 A, or 14 VAC 5-90-170 A; and

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

CASE NO. INS970152
SEPTEMBER 30, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
RELIANCE NATIONAL INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in a certain instance, may have violated § 38.2-1833 of the Code of Virginia by failing to file with the Commission written notice of the appointment of a certain insurance agency within 30 days of the execution of the first insurance application submitted by the agency;

IT FURTHER APPEARING that the Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars ($5,000), has waived its right to a hearing, has agreed to the entry by the Commission of a cease and desist order, and has agreed to file a written report with the Bureau of Insurance outlining the steps the company is taking to ensure that all of its agents in Virginia are properly appointed; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of § 38.2-1833 of the Code of Virginia; and

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

CASE NO. INS970154
MAY 22, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of adopting Rules Governing Settlement Agents

ORDER TO TAKE NOTICE

WHEREAS, Virginia Code § 12.1-13 provides that the Commission shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction, and Virginia Code § 6.1-2.25 provides that the Commission may issue rules, regulations and orders consistent with and necessary to carry out the provisions of the Consumer Real Estate Settlement Protection Act (Va. Code § 6.1-2.19 et seq.)

WHEREAS, the Bureau of Insurance has submitted to the Commission a proposed regulation entitled "Rules Governing Settlement Agents;" and

WHEREAS, the Commission is of the opinion that a hearing should be held to consider the adoption of the proposed regulation;

THEREFORE, IT IS ORDERED:

(1) That the proposed regulation entitled "Rules Governing Settlement Agents" be appended hereto and made a part of the record herein;

(2) That a hearing be held in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia at 10:00 a.m. on July 30, 1997, for the purpose of considering the adoption of the proposed regulation;

(3) That, on or before June 30, 1997, any person desiring to comment in support of, or in opposition to, the proposed regulation shall file such comments in writing with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23216;

(4) That, on or before June 30, 1997, any person intending to appear and be heard at the hearing on the proposed regulation shall file written notice of his intention to do so with the Clerk of the Commission at the address above;

(5) That all filings made under paragraphs (3) or (4) shall contain a reference to Case No. INS970154.

(6) That an attested copy hereof, together with a copy of the proposed order, be sent by the Clerk of the Commission to the Registrar of Regulations for appropriate publication in the Virginia Register;

(7) That an attested copy hereof, together with a copy of the proposed regulation, be sent by the Clerk of the Commission to the Virginia State Bar, the Virginia Real Estate Board, and the Bureau of Insurance in care of Deputy Commissioner Mary M. Bannister who shall forthwith give further notice of the proposed regulation and hearing by mailing a copy of this order, together with a copy of the proposed regulation, to all title insurance companies, title insurance agents, and title insurance agencies licensed in the Commonwealth of Virginia; and

(8) That the Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (7) above.

NOTE: A copy of Attachment A entitled "Chapter 395 Rules Governing Settlement Agents" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

CASE NO. INS970154
JULY 31, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of adopting Rules Governing Settlement Agents

ORDER ADOPTING REGULATION

WHEREAS, by order entered herein May 22, 1997, the Commission ordered that a hearing be conducted on July 30, 1997, for the purpose of considering the adoption of a regulation proposed by the Bureau of Insurance ("Bureau") entitled "Rules Governing Settlement Agents";

WHEREAS, the Commission conducted the aforesaid hearing where it received technical amendments to the proposed regulation from the Bureau;

THE COMMISSION, having considered the proposed regulation and the amendments thereto, is of the opinion that the regulation, as amended, should be adopted;

THEREFORE, IT IS ORDERED that the regulation entitled "Rules Governing Settlement Agents" which is attached hereto should be, and it is hereby, ADOPTED to be effective September 15, 1997.

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

CASE NO. INS970156
AUGUST 5, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CELTIC LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in a certain instance, may have violated Virginia Code § 38.2-610 by failing to send a certain person notice of an adverse underwriting decision when the company issued coverage with an elimination rider;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1040 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars ($5,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code § 38.2-610; and

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

CASE NO. INS970157
JUNE 9, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
QUAKER CITY INSURANCE COMPANY,
Defendant

IMPAIRMENT ORDER

WHEREAS, Quaker City Insurance Company, a foreign corporation domiciled in the Commonwealth of Pennsylvania and licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum $3,000,000;

WHEREAS, Virginia Code § 38.2-1036 provides, inter alia, that if the Commission finds an impairment of the required minimum surplus of any foreign insurer, the Commission may order the insurer to eliminate the impairment and restore the minimum surplus to the amount required by law and may prohibit the insurer from issuing any new policies in the Commonwealth of Virginia while the impairment of its surplus exists; and

WHEREAS, the March 31, 1997, Quarterly Statement of Defendant, filed with the Commission's Bureau of Insurance, indicates capital of $1,750,000, and surplus of $167,649;

IT IS ORDERED that, on or before August 1, 1997, Defendant eliminate the impairment in its surplus and restore the same to at least $1,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer.

IT IS FURTHER ORDERED that Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of Defendant's surplus exists and until further order of the Commission.

CASE NO. INS970157
JUNE 13, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
QUAKER CITY INSURANCE COMPANY,
Defendant

VACATING ORDER

GOOD CAUSE having been shown, the order entered herein June 9, 1997, is hereby vacated.

CASE NO. INS970157
JUNE 13, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
QUAKER CITY INSURANCE COMPANY,
Defendant

CORRECTED IMPAIRMENT ORDER

WHEREAS, Quaker City Insurance Company, a foreign corporation domiciled in the Commonwealth of Pennsylvania and licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum $3,000,000;

WHEREAS, Virginia Code § 38.2-1036 provides, inter alia, that if the Commission finds an impairment of the required minimum surplus of any foreign insurer, the Commission may order the insurer to eliminate the impairment and restore the minimum surplus to the amount required by law and may prohibit the insurer from issuing any new policies in the Commonwealth of Virginia while the impairment of its surplus exists; and

WHEREAS, the March 31, 1997, Quarterly Statement of Defendant, filed with the Commission's Bureau of Insurance, indicates capital of $1,750,000, and surplus of $167,649;

IT IS ORDERED that, on or before August 1, 1997, Defendant eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer.

IT IS FURTHER ORDERED that Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of Defendant's surplus exists and until further order of the Commission.

CASE NO. INS970157
AUGUST 5, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
QUAKER CITY INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

WHEREAS, Virginia Code § 38.2-1040 provides, inter alia, that the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent, or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth;

WHEREAS, by order entered herein June 13, 1997, Defendant was ordered to eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer on or before August 1, 1997; and

WHEREAS, as of the date of this order, Defendant has failed to eliminate the impairment in its surplus;

THEREFORE, IT IS ORDERED that Defendant TAKE NOTICE that the Commission shall enter an order subsequent to August 20, 1997, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before August 20, 1997, Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of Defendant's license.

CASE NO. INS970157
OCTOBER 2, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
QUAKER CITY INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

WHEREAS, for the reasons stated in an order entered herein August 5, 1997, Defendant was ordered to take notice that the Commission would enter an order subsequent to August 20, 1997, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before August 20, 1997, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of Defendant's license; and

WHEREAS, as of the date of this Order, Defendant has not filed a request to be heard before the Commission with respect to the proposed suspension of Defendant's license;

THEREFORE, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of Defendant to transact the business of insurance in the Commonwealth of Virginia be, and it is hereby, SUSPENDED;

(2) The appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, SUSPENDED;

(3) Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia;

(4) Defendant's agents shall transact no new insurance business on behalf of Defendant in the Commonwealth of Virginia;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of Defendant's agents appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

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

CASE NO. INS970158
JUNE 5, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte, in re: adoption of adjusted prima facie rates for credit life and credit accident and sickness insurance pursuant to Virginia Code §§ 38.2-3725, 38.2-3726, 38.2-3727 and 38.2-3730

TAKE NOTICE ORDER

TAKE NOTICE, pursuant to Virginia Code § 38.2-3730.B., that the Commission shall conduct a hearing on July 15, 1997 at 10:00 a.m. in its courtroom, Tyler Building, 2nd Floor, 1300 East Main Street, Richmond, Virginia 23219, for the purpose of receiving comments from interested parties with respect to proposed adjusted prima facie rates for credit life insurance and credit accident and sickness insurance to be effective on and after January 1, 1998. The adjusted prima facie rates have been calculated and proposed to the Commission by the Bureau of Insurance in accordance with the provisions of Chapter 37.1 of Title 38.2 of the Code of Virginia (Virginia Code §§ 38.2-3717 *et seq.*) and are denominated "Attachment 1", attached hereto and made a part hereof.

NOTE: A copy of Attachment 1 entitled "Proposed Adjusted Prima Facie Credit Life and Credit Accident and Sickness Insurance Rates to be Effective January 1, 1998" 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. INS970158
AUGUST 19, 1997

COMMONWEALTH OF VIRGINIA
at the relation of the
STATE CORPORATION COMMISSION

Ex Parte, in re: adoption of adjusted prima facie rates for credit life and credit accident and sickness insurance pursuant to Virginia Code §§ 38.2-3725, 38.2-3726, 38.2-2727 and 38.2-3730

ORDER ADOPTING ADJUSTED PRIMA FACIE RATES FOR THE TRIENNIUM COMMENCING JANUARY 1, 1998

PURSUANT to an order entered herein June 5, 1997, after notice to all insurers licensed by the Bureau of Insurance (Bureau) to transact the business of credit life and credit accident and sickness insurance in the Commonwealth of Virginia, the Commission conducted a hearing on July 15, 1997, for the purpose of considering any public or other comment on the adoption of adjusted prima facie rates for credit life and credit accident and sickness insurance proposed by the Bureau pursuant to the rate-making formulae set forth in Chapter 37 of Title 38.2 of the Code of Virginia and the Credit Insurance Experience Exhibits (CIEE's) filed by licensed credit insurers for the reporting years 1994, 1995 and 1996. Other than the Bureau, which was represented by its counsel, the sole person to appear in any capacity at the hearing was the Consumer Credit Insurance Association (CCIA) which was represented by its counsel.

ON RECOMMENDATION of the Bureau and CCIA at the hearing, the Commission ordered that (i) the Bureau contact the insurers upon whose reported data the proposed prima facie rates had been calculated to determine whether those insurers had correctly reported in their CIEE's their respective earned premiums at prima facie rates for the reporting years 1994, 1995 and 1996 and (ii) report back to the Commission no later than August 15, 1997.

ON AUGUST 15, 1997, the Bureau, with the concurrence of CCIA, (i) filed with the Clerk of the Commission a report together with revised and amended adjusted prima facie rates based on the rate-making formulae set forth in Chapter 37 of Title 38.2 of the Code of Virginia and the amended CIEE's filed with the Bureau by certain credit insurers contacted by the Bureau as the result of the July 15 hearing and (ii) recommended that the Commission enter an order adopting the revised and amended adjusted prima facie rates for credit life and credit accident and sickness insurance for the triennium commencing January 1, 1998.

AND THE COMMISSION, having considered the record herein, the recommendations of the Bureau and CCIA and the law applicable hereto, is of the opinion, finds and ORDERS that the revised and amended adjusted prima facie rates for credit life and credit accident and sickness, which are attached hereto and made a part hereof, should be, and they are hereby, ADOPTED pursuant to the provisions of Chapter 37 of Title 38.2 of the Code of Virginia and shall be effective for the triennium commencing January 1, 1998.

NOTE: A copy of Attachment A entitled "Prima Facie Credit Life and Credit Accident and Sickness Insurance Rates Effective January 1, 1998" 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. INS970158
SEPTEMBER 24, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex parte, in re: adoption of adjusted prima facie rates for credit life and credit accident and sickness insurance pursuant to Virginia Code §§ 38.2-3725, 38.2-3726, 38.2-3727 and 38.2-3730

AMENDING ORDER

IT IS ORDERED that the reference contained in the style of the order entered herein August 19, 1997, to Virginia Code § 38.2-2727 and the several references in the body thereof to Chapter 37 of Title 38.2 of the Code of Virginia be, and they are hereby, amended to read, respectively, Virginia Code § 38.2-3727 and Chapter 37.1 of Title 38.2 of the Code of Virginia.

CASE NO. INS970159
JUNE 6, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONS TITLE INSURANCE OF NEW YORK, INC.,
Defendant

IMPAIRMENT ORDER

WHEREAS, Nations Title Insurance of New York, Inc., a foreign corporation domiciled in the State of New York and licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum capital of $1,000,000 and minimum surplus of $3,000,000;

WHEREAS, Virginia Code § 38.2-1036 provides, inter alia, that if the Commission finds an impairment of the required minimum surplus of any foreign insurer, the Commission may order the insurer to eliminate the impairment and restore the minimum surplus to the amount required by law and may prohibit the insurer from issuing any new policies in the Commonwealth of Virginia while the impairment of its surplus exists; and

WHEREAS, the March 31, 1997, Quarterly Statement of Defendant, filed with the Commission's Bureau of Insurance, indicates capital of $1,268,162, and surplus of $1,208,862;

IT IS ORDERED that, on or before August 1, 1997, Defendant eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer.

IT IS FURTHER ORDERED that Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of Defendant's surplus exists and until further order of the Commission.

CASE NO. INS970159
OCTOBER 6, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONS TITLE INSURANCE COMPANY OF NEW YORK, INC.,
Defendant

FINAL ORDER

WHEREAS, by order entered herein June 6, 1997, Defendant was ordered to eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer;

WHEREAS, by affidavit of Defendant's president, filed with the Commission's Bureau of Insurance, the Commission was advised that, as of September 10, 1997, Defendant restored it surplus to policyholders to at least $3,000,000;

WHEREAS, the Bureau of Insurance has recommended that the Impairment Order entered by the Commission be vacated; and

THE COMMISSION, having considered the record herein and the recommendation of the Bureau of Insurance, is of the opinion that the Impairment Order entered by the Commission should be, and it is hereby, VACATED.

CASE NO. INS970160
SEPTEMBER 30, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
FIRST COLONY LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, may have violated §§ 38.2-502 1, 38.2-503, 38.2-510 A 5, 38.2-610, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-1834 C, and 38.2-3115 B of the Code of Virginia, as well as 14 VAC 5-30-60 2(b), 14 VAC 5-40-40 A 6, 5 VAC 5-40-40 A 8, 14 VAC 5-40-40 E 3, 5 VAC 5-40-40 F 1, and 14 VAC 5-400-60;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of twelve thousand dollars ($12,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of §§ 38.2-502 1, 38.2-503, 38.2-510 A 5, 38.2-610, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A 1, 38.2-1834 C, or 38.2-3115 B of the Code of Virginia, as well as 14 VAC 5-30-60 2(b), 14 VAC 5-40-40 A 6, 5 VAC 5-40-40 A 8, 14 VAC 5-40-40 E 3, 5 VAC 5-40-40 F 1, or 14 VAC 5-400-60; and

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

CASE NO. INS970171
JULY 31, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DONNELL L. HASSELL,
Defendant

ORDER REVOKING LICENSE

IT APPEARING from an investigation by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia as an insurance agent, in certain instances, violated Virginia Code §§ 38.2-512, 38.2-1809, 38.2-1813 and 38.2-1826 by making a false or fraudulent statement on or relative to an application for an insurance policy for the purpose of obtaining a fee, commission, money or other benefit from an insurer; by failing to maintain records of all insurance transactions for a period of three years; by failing to account for funds received from an insured; and by failing to notify the Commission of a change of residence address within 30 days of the date of the change;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1831 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and hearing, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been notified of Defendant's right to a hearing before the Commission in this matter by certified letter dated June 2, 1997, and mailed to the Defendant's address shown in the records of the Bureau of Insurance;

IT FURTHER APPEARING that Defendant, having been advised in the aforesaid manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance;

IT FURTHER APPEARING that the Bureau of Insurance, upon Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent; and

THE COMMISSION is of the opinion and finds that Defendant has violated Virginia Code §§ 38.2-512, 38.2-1809, 38.2-1813 and 38.2-1826 by making a false or fraudulent statement on or relative to an application for an insurance policy for the purpose of obtaining a fee, commission, money or other benefit from an insurer; by failing to maintain records of all insurance transactions for a period of three years; by failing to account for funds received from an insured; and by failing to notify the Commission of a change of residence address within 30 days of the date of the change;

THEREFORE, IT IS ORDERED THAT:

(1) The licenses of Defendant to transact the business of insurance as an agent in the Commonwealth of Virginia be, and they are hereby, revoked;

(2) All appointments issued under said licenses be, and they are hereby, void;

(3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to two (2) years from the date of this order;

(5) The Bureau of Insurance cause a copy of this order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS970178
AUGUST 5, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
SOUTHERN FARM BUREAU LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in a certain instance, may have violated Virginia Code § 38.2-610 by failing to send a certain person notice of an adverse underwriting decision in a form approved by the Commission;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1040 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of fifteen thousand dollars ($15,000), has waived its right to a hearing; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and

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

CASE NO. INS970200
JULY 30, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
UNION INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, may have violated Virginia Code §§ 38.2-231, 38.2-304, 38.2-510.A.10, 38.2-1904, 38.2-1906.B, 38.2-2014, 38.2-2113, 38.2-2114, 38.2-2202, 38.2-2208, 38.2-2210 and 38.2-2212, as well as 14 VAC 5-390-40 C, 14 VAC 5-390-40 D, 14 VAC 5-400-40 A and 14 VAC 5-400-70 D;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of twenty-one thousand dollars ($21,000) and has waived its right to a hearing; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and

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

CASE NO. INS970204
JULY 18, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
THE INSURANCE COMPANY OF THE STATE OF PENNSYLVANIA,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, violated Virginia Code §§ 38.2-1822, 38.2-1833 and 38.2-1906 by allowing unlicensed or unappointed agents to transact the business of insurance in the Commonwealth of Virginia, and by using workers' compensation rates and rating plans not filed for use in Virginia;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of eight thousand dollars ($8,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in Virginia Code § 12.1-15,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of Virginia Code §§ 38.2-1822, 38.2-1833, or 38.2-1906; and

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

CASE NO. INS970208
JULY 14, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ARTHUR LEE BOLDS,
Defendant

ORDER REVOKING LICENSE

IT APPEARING from an investigation by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia as an insurance agent, in certain instances, violated Virginia Code §§ 38.2-1809, 38.2-1813 and 38.2-1822.E by failing to produce certain records for examination by the Bureau of Insurance, by issuing an insufficient funds check to a certain premium finance company, and by failing to notify the Bureau of Insurance of the use of an assumed or fictitious name;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1831 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and hearing, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been notified of Defendant's right to a hearing before the Commission in this matter by certified letter dated June 18, 1997, and mailed to the Defendant's address shown in the records of the Bureau of Insurance;

IT FURTHER APPEARING that Defendant, having been advised in the aforesaid manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance;

IT FURTHER APPEARING that the Bureau of Insurance, upon Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent; and

THE COMMISSION is of the opinion and finds that Defendant has violated Virginia Code §§ 38.2-1809, 38.2-1813 and 38.2-1822.E by failing to produce certain records for examination by the Bureau of Insurance, by issuing an insufficient funds check to a certain premium finance company, and by failing to notify the Bureau of Insurance of the use of an assumed or fictitious name;

THEREFORE, IT IS ORDERED THAT:

(1) The licenses of Defendant to transact the business of insurance as an agent in the Commonwealth of Virginia be, and they are hereby, revoked;

(2) All appointments issued under said licenses be, and they are hereby, void;

(3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to two (2) years from the date of this order;

(5) The Bureau of Insurance cause a copy of this order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS970209
JULY 10, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the Matter of Adopting Revisions to the Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities

ORDER TO TAKE NOTICE

WHEREAS, Virginia Code § 12.1-13 provides that the Commission shall have the power to promulgate rules and regulations in the enforcement and administration of all laws within its jurisdiction;

WHEREAS, the Bureau of Insurance has submitted to the Commission proposed revisions to the "Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities", which amend 14 VAC 5-50-10 through 14 VAC 5-50-40 and add section 14 VAC 5-50-41;

WHEREAS, the Commission is of the opinion that the proposed rules should be adopted;

THEREFORE, IT IS ORDERED THAT:

(1) The proposed revisions to the "Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities" be appended hereto and made a part of the record herein;

(2) On or before September 5, 1997, any person desiring to comment in support of, or in opposition to, the adoption of the proposed rules shall file such comments in writing with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218;

(3) On or before September 5, 1997, any person desiring a hearing to oppose the adoption of the proposed rules shall file a written request for a hearing with the Clerk of the Commission at the address above;

(4) All filings made under paragraphs (3) or (4) shall contain a reference to Case No. INS970209;

(5) An attested copy hereof, together with a copy of the proposed rules, shall be sent by the Clerk of the Commission to the Bureau of Insurance in care of Deputy Commissioner Douglas C. Stolte who shall forthwith give further notice of the adoption of the proposed rules by mailing a copy of this order, together with a copy of the proposed rules, to all insurers licensed to issue annuities in the Commonwealth of Virginia; and

(6) The Bureau of Insurance shall file with the Clerk of the Commission an affidavit of compliance with the notice requirements of paragraph (7) above.

NOTE: A copy of Attachment A entitled "Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities (Virginia Administrative Code, Title 14, Chapter 50" 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. INS970209
SEPTEMBER 23, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In the Matter of Adopting Revisions to the Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities

ORDER ADOPTING REGULATION

WHEREAS, by order entered herein July 10, 1997, all interested persons were ordered to take notice that the Commission would enter an order subsequent to September 5, 1997, adopting revisions proposed by the Bureau of Insurance to the Commission's Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities unless on or before September 5, 1997, any person objecting to the adoption of the proposed revisions filed a request for a hearing with the Clerk of the Commission;

WHEREAS, as of the date of this order, no request for a hearing has been filed with the Clerk of the Commission;

THEREFORE, IT IS ORDERED that the regulation entitled "Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities of Annuities" which is attached hereto and made a part hereof should be, and it is hereby, ADOPTED to be effective October 15, 1997.

NOTE: A copy of Attachment A entitled "Rules Governing New Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities" is on file and may be examined at the State Corporation Commission, Clerk's Office, Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia.

CASE NO. INS970212
AUGUST 1, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MID-CONTINENT LIFE INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

WHEREAS, Virginia Code § 38.2-1040 provides, inter alia, that the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent, or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth;

WHEREAS, by order entered in the District Court of Oklahoma County, Oklahoma on May 14, 1997, the Defendant was found to be statutorily insolvent and the Insurance Commissioner of the State of Oklahoma was appointed the receiver of Defendant for purposes of conservation, rehabilitation, or liquidation;

WHEREAS, the Bureau of Insurance has recommended that the license of Defendant to transact the business of insurance in the Commonwealth of Virginia suspended;

THEREFORE, IT IS ORDERED that Defendant TAKE NOTICE that the Commission shall enter an order subsequent to August 20, 1997, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before August 20, 1997, Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of Defendant's license.

CASE NO. INS970212
DECEMBER 18, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
MID-CONTINENT LIFE INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

WHEREAS, § 38.2-1040 of the Code of Virginia provides, inter alia, that the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the Company is insolvent, or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors and public in this Commonwealth;

WHEREAS, for the reasons stated in an order entered herein August 1, 1997, Defendant was ordered to take notice that the Commission would enter an order subsequent to August 20, 1997, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before August 20, 1997, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of Defendant's license;

WHEREAS, by Response to Order to Take Notice dated August 20, 1997, John P. Crawford, Receiver of Defendant, requested that the Commission not take any action against Defendant at such time in order to allow Receiver to complete Defendant's plan of rehabilitation; and

WHEREAS, by letter dated November 17, 1997, John P. Crawford, Receiver of Defendant, waived the right to a hearing and withdrew any application or request for hearing with respect to the proposed suspension of Defendant's license;

THEREFORE, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of Defendant to transact the business of insurance in the Commonwealth of Virginia be, and it is hereby, SUSPENDED;

(2) Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia until further order of the Commission;

(3) The appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, SUSPENDED;

(4) Defendant's agents shall transact no new insurance business on behalf of Defendant in the Commonwealth of Virginia until further order of the Commission;

(5) The Bureau of Insurance shall cause an attested copy of this order to be sent to each of Defendant's agents appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

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

CASE NO. INS970223
SEPTEMBER 30, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
RELIANCE NATIONAL INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in a certain instance, may have violated § 38.2-1906 of the Code of Virginia by failing to file timely with the Commission certain rates and supplementary rate information;

IT FURTHER APPEARING that the Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of seven thousand five hundred dollars ($7,500) and has waived its right to a hearing; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and

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

CASE NO. INS970227
SEPTEMBER 30, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
PHILADELPHIA LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, may have violated § 38.2-610 of the Code of Virginia by failing to send certain persons notice of an adverse underwriting decision in a form required by statute;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of fifteen thousand dollars ($15,000), and has waived its right to a hearing; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and

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

CASE NO. INS970229
AUGUST 5, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
LMI INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

WHEREAS, Virginia Code § 38.2-1040 provides, inter alia, that the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent, or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth;

WHEREAS, LMI Insurance Company ("LMI"), a foreign corporation domiciled in the State of Ohio and licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum surplus of $3,000,000;

WHEREAS, LMI's surplus, as of March 31, 1997, is a negative ($11,537,000) after the Commission's Bureau of Insurance made certain adjustments to the company's reported surplus for the understatement of the company's reserves, and the taking of credit for unauthorized reinsurance without collateral;

WHEREAS, the Bureau of Insurance has recommended that the license of Defendant to transact the business of insurance in the Commonwealth of Virginia be suspended for the reason that any further transaction of the business of insurance in the Commonwealth of Virginia with a negative surplus may be hazardous to its policyholders, creditors and public in this Commonwealth;

THEREFORE, IT IS ORDERED that the Defendant TAKE NOTICE that the Commission shall enter an order subsequent to August 20, 1997, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before August 20, 1997, Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of Defendant's license.

CASE NO. INS970229
OCTOBER 2, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
LMI INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

WHEREAS, for the reasons stated in an order entered herein August 5, 1997, Defendant was ordered to take notice that the Commission would enter an order subsequent to August 20, 1997, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before August 20, 1997, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of Defendant's license; and

WHEREAS, as of the date of this Order, Defendant has not filed a request to be heard before the Commission with respect to the proposed suspension of Defendant's license;

THEREFORE, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of Defendant to transact the business of insurance in the Commonwealth of Virginia be, and it is hereby, SUSPENDED;

(2) The appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, SUSPENDED;

(3) Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia;

(4) Defendant's agents shall transact no new insurance business on behalf of Defendant in the Commonwealth of Virginia;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of Defendant's agents appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

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

CASE NO. INS970239
AUGUST 5, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
WILLIAM ROBERT MARTIN, II,
Defendant

ORDER REVOKING LICENSE

IT APPEARING from an investigation by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia as an insurance agent, in certain instances, violated Virginia Code § 38.2-1813 by failing to remit premiums due a certain insurer in the ordinary course of business;

IT FURTHER APPEARING that the Commission is authorized by Virginia Code §§ 38.2-218, 38.2-219 and 38.2-1831 to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and hearing, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been notified of Defendant's right to a hearing before the Commission in this matter by certified letter dated July 14, 1997, and mailed to the Defendant's address shown in the records of the Bureau of Insurance;

IT FURTHER APPEARING that Defendant, having been advised in the aforesaid manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance;

IT FURTHER APPEARING that the Bureau of Insurance, upon Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent; and

THE COMMISSION is of the opinion and finds that Defendant has violated Virginia Code § 38.2-1813 by failing to remit premiums due a certain insurer in the ordinary course of business;

THEREFORE, IT IS ORDERED THAT:

(1) The licenses of Defendant to transact the business of insurance as an agent in the Commonwealth of Virginia be, and they are hereby, revoked;

(2) All appointments issued under said licenses be, and they are hereby, void;

(3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to two (2) years from the date of this order;

(5) The Bureau of Insurance cause a copy of this order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS970247
AUGUST 7, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
ARTHUR LEE BOLDS,
Defendant

ORDER REINSTATING LICENSE

GOOD CAUSE having been shown, Defendant's license to transact the business of insurance as an insurance agent in the Commonwealth of Virginia is reinstated, as of the date of this order, to one in good standing.

CASE NO. INS970262
OCTOBER 2, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERICAN EAGLE INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

WHEREAS, § 38.2-1040 of the Code of Virginia provides, inter alia, that the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent, or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth;

WHEREAS, American Eagle Insurance Company ("AEIC"), a foreign corporation domiciled in the State of Texas and licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum surplus of $3,000,000;

WHEREAS, AEIC reported a net loss on operations for the six months ended June 30, 1997, of $18,181,581; for the year ended December 31, 1996, of $45,629,221; and for the year ended December 31, 1995, of $15,734,501;

WHEREAS, during the period January 1, 1995 to June 30, 1997, AEIC's surplus to policyholders declined by 97.2%. As of June 30, 1997, AEIC reported a surplus to policyholders of $1,817,035, reflecting an impairment of its surplus of $1,182,965;

WHEREAS, the Bureau of Insurance has recommended that the license of AEIC to transact the business of insurance in the Commonwealth of Virginia be suspended for the reason that any further transaction of the business of insurance may be hazardous to its policyholders, creditors and public in this Commonwealth;

THEREFORE, IT IS ORDERED that American Eagle Insurance Company TAKE NOTICE that the Commission shall enter an order subsequent to October 15, 1997, suspending the license of AEIC to transact the business of insurance in the Commonwealth of Virginia unless on or before October 15, 1997, Defendant files with the Clerk of the Commission, Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a request for a hearing before the Commission with respect to the proposed suspension of Defendant's license.

CASE NO. INS970262
OCTOBER 23, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERICAN EAGLE INSURANCE COMPANY,
Defendant

ORDER SUSPENDING LICENSE

WHEREAS, for the reasons stated in an order entered herein October 2, 1997, Defendant was ordered to take notice that the Commission would enter an order subsequent to October 15, 1997, suspending the license of Defendant to transact the business of insurance in the Commonwealth of Virginia unless on or before October 15, 1997, Defendant filed with the Clerk of the Commission a request for a hearing before the Commission to contest the proposed suspension of Defendant's license; and

WHEREAS, as of the date of this Order, Defendant has not filed a request to be heard before the Commission with respect to the proposed suspension of Defendant's license;

THEREFORE, IT IS ORDERED THAT:

(1) Pursuant to § 38.2-1040 of the Code of Virginia, the license of Defendant to transact the business of insurance in the Commonwealth of Virginia be, and it is hereby, SUSPENDED;

(2) The appointments of Defendant's agents to act on behalf of Defendant in the Commonwealth of Virginia be, and they are hereby, SUSPENDED;

(3) Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia;

(4) Defendant's agents shall transact no new insurance business on behalf of Defendant in the Commonwealth of Virginia;

(5) The Bureau of Insurance shall cause an attested copy of this Order to be sent to each of Defendant's agents appointed to act on behalf of Defendant in the Commonwealth of Virginia as notice of the suspension of such agent's appointment; and

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

CASE NO. INS970272
OCTOBER 2, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
OPTIMA HEALTH PLAN,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in a certain instance, may have violated 14 VAC 5-210-50 C by failing to file and receive prior approval from the Commission for a change in control of the health maintenance organization;

IT FURTHER APPEARING that 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 to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars ($5,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of 14 VAC 5-210-50 C of the Code of Virginia; and

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

CASE NO. INS970273
OCTOBER 6, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
SENTARA HEALTH PLANS, INC.,
Defendant

SETTLEMENT ORDER

IT APPEARING from an investigation and subsequent allegations by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in a certain instance, may have violated 14 VAC 5-210-50 C by failing to file and receive prior approval from the Commission for a change in control of the health maintenance organization;

IT FURTHER APPEARING that 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 to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violation;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars ($5,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of 14 VAC 5-210-50 C of the Code of Virginia; and

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

CASE NO. INS970276
OCTOBER 9, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DENTICARE OF VIRGINIA,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of a dental services plan in the Commonwealth of Virginia, in certain instances, may have violated §§ 38.2-316 of the Code of Virginia by failing to file certain forms with the Commission prior to using the forms in the Commonwealth of Virginia;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of ten thousand dollars ($10,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of § 38.2-316 of the Code of Virginia; and

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

CASE NO. INS970277
OCTOBER 9, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
PENINSULA HEALTH CARE, INC.,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of a health maintenance organization in the Commonwealth of Virginia, in certain instances, may have violated §§ 38.2-316, 38.2-502, 38.2-503, 38.2-510, 38.2-511, 38.2-604, 38.2-606, 38.2-610, 38.2-1812, 38.2-1833, 38.2-1834, 38.2-3407, 38.2-4301 and 38.2-4306 of the Code of Virginia, and 14 VAC 5-90-40, 14 VAC 5-90-50 A, 14 VAC 5-90-50 B, 14 VAC 5-90-60 A, 14 VAC 5-90-60 A 2, 14 VAC 5-90-60 B 1, 14 VAC 5-90-60 B 3, 14 VAC 5-90-110, 14 VAC 5-90-130 A, 14 VAC 5-210-50 C and 14 VAC 5-210-70 A 1;

IT FURTHER APPEARING that 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 to suspend or revoke Defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of twenty-seven thousand dollars ($27,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of § 38.2-316, 38.2-502, 38.2-503, 38.2-510, 38.2-511, 38.2-604, 38.2-606, 38.2-610, 38.2-1812, 38.2-1833, 38.2-1834, 38.2-3407, 38.2-4301 or 38.2-4306 of the Code of Virginia, or 14 VAC 5-90-40, 14 VAC 5-90-50 A, 14 VAC 5-90-50 B, 14 VAC 5-90-60 A, 14 VAC 5-90-60 A 2, 14 VAC 5-90-60 B 1, 14 VAC 5-90-60 B 3, 14 VAC 5-90-110, 14 VAC 5-90-130 A, 14 VAC 5-210-50 C or 14 VAC 5-210-70 A 1; and

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

CASE NO. INS970282
NOVEMBER 21, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
U.S. HEALTHCARE, INC.,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, may have violated subsection 1 of § 38.2-502, and §§ 38.2-503, 38.2-510 A 1, 38.2-510 A 5, 38.2-511, 38.2-316 A, 38.2-316 B, 38.2-316 C, 38.2-1318 C, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A, 38.2-3407.4, 38.2-3431 D, 38.2-4301 B 8, 38.2-4301 B 10, 38.2-4301 B 11, 38.2-4301 C, 38.2-4306 A 1, 38.2-4306 A 2, 38.2-4306 A 3, 38.2-4308, 38.2-4312, and 38.2-4313 of the Code of Virginia, as well as 14 VAC 5-90-50 A, 14 VAC 5-90-50 B, 14 VAC 5-90-60 A 2, 14 VAC 5-90-60 B 1, 14 VAC 5-90-80 A, 14 VAC 5-90-80 D, 14 VAC 5-90-90 A, 14 VAC 5-90-90 C, 14 VAC 5-90-100 A, 14 VAC 5-90-110, 14 VAC 5-90-130 A, 14 VAC 5-90-160, 14 VAC 5-90-170 A, 14 VAC 5-210-50 C 2, 14 VAC 5-210-50 C 3, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 D, 14 VAC 5-210-90 A 1, 14 VAC 5-210-100 B 7, 14 VAC 5-210-100 B 17, 14 VAC 5-210-110 A, and 14 VAC 5-210-110 B;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of seventy-six thousand dollars ($76,000), has waived its right to a hearing; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of subsection 1 of § 38.2-502, and §§ 38.2-503, 38.2-510 A 1, 38.2-510 A 5, 38.2-511, 38.2-316 A, 38.2-316 B, 38.2-316 C, 38.2-1318 C, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A, 38.2-3407.4, 38.2-3431 D, 38.2-4301 B 8, 38.2-4301 B 10, 38.2-4301 B 11, 38.2-4301 C, 38.2-4306 A 1, 38.2-4306 A 2, 38.2-4306 A 3, 38.2-4308, 38.2-4312, and 38.2-4313 of the Code of Virginia, as well as 14 VAC 5-90-50 A, 14 VAC 5-90-50 B, 14 VAC 5-90-60 A 2, 14 VAC 5-90-60 B 1, 14 VAC 5-90-80 A, 14 VAC 5-90-80 D, 14 VAC 5-90-90 A, 14 VAC 5-90-90 C, 14 VAC 5-90-100 A, 14 VAC 5-90-110, 14 VAC 5-90-130 A, 14 VAC 5-90-160, 14 VAC 5-90-170 A, 14 VAC 5-210-50 C 2, 14 VAC 5-210-50 C 3, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 D, 14 VAC 5-210-90 A 1, 14 VAC 5-210-100 B 7, 14 VAC 5-210-100 B 17, 14 VAC 5-210-110 A, and 14 VAC 5-210-110 B; and

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

CASE NO. INS970282
DECEMBER 3, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
U.S. HEALTHCARE, INC.,
Defendant

VACATING ORDER

GOOD CAUSE having been shown, the Settlement Order entered herein on November 21, 1997, is hereby VACATED.

CASE NO. INS970282
DECEMBER 3, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AETNA U.S. HEALTHCARE, INC.,
Defendant

AMENDED SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that U.S. Healthcare, Inc., duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, may have violated subsection 1 of § 38.2-502, and §§ 38.2-503, 38.2-510 A 1, 38.2-510 A 5, 38.2-511, 38.2-316 A, 38.2-316 B, 38.2-316 C, 38.2-1318 C, 38.2-1812 A, 38.2-1822 A, 38.2-1833 A, 38.2-3407.4, 38.2-3431 D, 38.2-4301 B 8, 38.2-4301 B 10, 38.2-4301 B 11, 38.2-4301 C, 38.2-4306 A 1, 38.2-4306 A 2, 38.2-4306 A 3, 38.2-4308, 38.2-4312, and 38.2-4313 of the Code of Virginia, as well as 14 VAC 5-90-50 A, 14 VAC 5-90-50 B, 14 VAC 5-90-60 A 2, 14 VAC 5-90-60 B-1, 14 VAC 5-90-80 A, 14 VAC 5-90-80 D, 14 VAC 5-90-90 A, 14 VAC 5-90-90 C, 14 VAC 5-90-100 A, 14 VAC 5-90-110, 14 VAC 5-90-130 A, 14 VAC 5-90-160, 14 VAC 5-90-170 A, 14 VAC 5-210-50 C 2, 14 VAC 5-210-50 C 3, 14 VAC 5-210-70 C 3, 14 VAC 5-210-70 D, 14 VAC 5-210-90 A 1, 14 VAC 5-210-100 B 7, 14 VAC 5-210-100 B 17, 14 VAC 5-210-110 A, and 14 VAC 5-210-110 B;

IT FURTHER APPEARING that on October 7, 1997, subsequent to such market conduct exam, U.S. Healthcare, Inc. merged with Aetna Healthplans of the Mid-Atlantic, Inc., and the surviving corporation changed its name to Aetna U.S. Healthcare, Inc., hereinafter referred to as Defendant;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of seventy-six thousand dollars ($76,000), has waived its right to a hearing; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted; and

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

CASE NO. INS970288
NOVEMBER 4, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
LINDA D. KUETHE,
Defendant

ORDER REVOKING LICENSE

IT APPEARING from an investigation by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia as an insurance agent, in certain instances, violated § 38.2-512 of the Code of Virginia by making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee or commission;

IT FURTHER APPEARING that the Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and hearing, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been notified of Defendant's right to a hearing before the Commission in this matter by certified letter dated September 23, 1997, and mailed to the Defendant's address shown in the records of the Bureau of Insurance;

IT FURTHER APPEARING that Defendant, having been advised in the aforesaid manner of her right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance;

IT FURTHER APPEARING that the Bureau of Insurance, upon Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent; and

THE COMMISSION is of the opinion and finds that Defendant has violated § 38.2-512 of the Code of Virginia by making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee or commission;

THEREFORE, IT IS ORDERED THAT:

(1) The licenses of Defendant to transact the business of insurance as an agent in the Commonwealth of Virginia be, and they are hereby, revoked;

(2) All appointments issued under said licenses be, and they are hereby, void;

(3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to two (2) years from the date of this order;

(5) The Bureau of Insurance cause a copy of this order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

CASE NO. INS970291
OCTOBER 7, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
AMERICAN CHAMBERS LIFE INSURANCE COMPANY,
Defendant

ORDER TO TAKE NOTICE

WHEREAS, § 38.2-1040 of the Code of Virginia provides, inter alia, that the Commission may suspend or revoke the license of any insurance company to transact the business of insurance in the Commonwealth of Virginia whenever the Commission finds that the company is insolvent, or is in a condition that any further transaction of business in this Commonwealth is hazardous to its policyholders, creditors, and public in this Commonwealth;

WHEREAS, American Chambers Life Insurance Company ("ACLIC"), a foreign corporation domiciled in the State of Ohio and licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia;

WHEREAS, ACLIC's Report on Audit of Statutory Basis Financial Statements for the years ended December 31, 1996 and 1995, states in part, that ACLIC has suffered significant net losses and negative cash flow, and a significant decline in capital and surplus in 1995 and 1996 that raise substantial doubt about its ability to continue as a going concern;

WHEREAS, for the period January 1, 1996 to June 30, 1997, ACLIC's surplus to policyholders has decreased 66.9 percent from $20,128,075 to $6,671,971;

WHEREAS, pursuant to § 38.2-1040 of the Code of Virginia and 14 VAC 5-290-30, the Bureau of Insurance has recommended that the license of ACLIC to transact the business of insurance in the Commonwealth of Virginia be suspended for the reason that any further transaction of the business of insurance in the Commonwealth of Virginia may be hazardous to its policyholders, creditors and public in this Commonwealth;

THEREFORE, IT IS ORDERED that ACLIC TAKE NOTICE that the Commission shall enter an order subsequent to October 20, 1997, suspending the license of ACLIC to transact the business of insurance in the Commonwealth of Virginia unless on or before October 20, 1997, ACLIC files with the Clerk of the Commission, Document Control Center, P. O. Box 2118, Richmond, Virginia 23216, a request for a hearing before the Commission with respect to the proposed suspension of ACLIC's license.

CASE NO. INS970297
NOVEMBER 4, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
CAROLINA CASUALTY INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, may have violated §§ 38.2-231, 38.2-1906 B, 38.2-2014, 38.2-2201, 38.2-2202, 38.2-2206, 38.2-2220 and 38.2-2223 of the Code of Virginia and 14 VAC 5-390-40 D;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of five thousand dollars ($5,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of §§ 38.2-231, 38.2-1906 B, 38.2-2014, 38.2-2201, 38.2-2202, 38.2-2206, 38.2-2220 or 38.2-2223 of the Code of Virginia or 14 VAC 5-390-40 D of the Code of Virginia; and

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

CASE NO. INS970336
DECEMBER 8, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
DELTA DENTAL PLAN OF VIRGINIA,
Defendant

SETTLEMENT ORDER

IT APPEARING from a market conduct examination performed by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, in certain instances, may have violated §§ 38.2-503, 38.2-316 A, 38.2-316 B, 38.2-316 C, and 38.2-1834 C of the Code of Virginia;

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

IT FURTHER APPEARING that Defendant has been advised of its right to a hearing in this matter, whereupon Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein Defendant has tendered to the Commonwealth of Virginia the sum of eight thousand dollars ($8,000), has waived its right to a hearing and has agreed to the entry by the Commission of a cease and desist order; and

IT FURTHER APPEARING that the Bureau of Insurance has recommended that the Commission accept the offer of settlement of Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code of Virginia,

IT IS ORDERED THAT:

(1) The offer of Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) Defendant cease and desist from any conduct which constitutes a violation of §§ 38.2-503, 38.2-316 A, 38.2-316 B, 38.2-316 C, and 38.2-1834 C of the Code of Virginia; and

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

CASE NO. INS970354
DECEMBER 19, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
NATIONS TITLE INSURANCE COMPANY OF NEW YORK, INC.,
Defendant

IMPAIRMENT ORDER

WHEREAS, Nations Title Insurance Company of New York, Inc., a foreign corporation domiciled in the State of New York and licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia, is required to maintain minimum capital of $1,000,000 and minimum surplus of $3,000,000;

WHEREAS, § 38.2-1036 of the Code of Virginia provides, inter alia, that if the Commission finds an impairment of the required minimum surplus of any foreign insurer, the Commission may order the insurer to eliminate the impairment and restore the minimum surplus to the amount required by law and may prohibit the insurer from issuing any new policies in the Commonwealth of Virginia while the impairment of its surplus exists; and

WHEREAS, the September 30, 1997 Quarterly Statement of Defendant, filed with the Commission's Bureau of Insurance, indicates capital of $1,268,162, and surplus of $2,901,296;

IT IS ORDERED that, on or before February 17, 1998, Defendant eliminate the impairment in its surplus and restore the same to at least $3,000,000 and advise the Commission of the accomplishment thereof by affidavit of Defendant's president or other authorized officer.

IT IS FURTHER ORDERED that Defendant shall issue no new contracts or policies of insurance in the Commonwealth of Virginia while the impairment of Defendant's surplus exists and until further order of the Commission.

CASE NO. INS970358
DECEMBER 29, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION
v.
BILLIE J. BUCHANAN,
Defendant

ORDER REVOKING LICENSE

IT APPEARING from an investigation by the Bureau of Insurance that Defendant, duly licensed by the Commission to transact the business of insurance in the Commonwealth of Virginia as an insurance agent, in certain instances, violated §§ 38.2-1804, 38.2-1809, 38.2-1813 and the Cease and Desist Order entered by the Commission in Case No. INS970071 by signing or allowing an insured to sign a blank or incomplete form pertaining to insurance, by failing to make records available promptly upon request for examination by the Commission during normal business hours, by failing to hold insureds' funds in a fiduciary capacity, by failing to pay funds to an insurer in the ordinary course of business, by failing to account for all premiums collected from insureds, by commingling premiums with personal funds, and by failing to maintain an accurate record and itemization of funds deposited into the agency's fiduciary account;

IT FURTHER APPEARING that the Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1831 of the Code of Virginia to impose certain monetary penalties, issue cease and desist orders and to suspend or revoke Defendant's license upon a finding by the Commission, after notice and hearing, that Defendant has committed the aforesaid alleged violations;

IT FURTHER APPEARING that Defendant has been notified of Defendant's right to a hearing before the Commission in this matter by certified letter dated December 1, 1997, and mailed to the Defendant's address shown in the records of the Bureau of Insurance;

IT FURTHER APPEARING that Defendant, having been advised in the aforesaid manner of his right to a hearing in this matter, has failed to request a hearing and has not otherwise communicated with the Bureau of Insurance;

IT FURTHER APPEARING that the Bureau of Insurance, upon Defendant's failure to request a hearing, has recommended that the Commission enter an order revoking all of Defendant's licenses to transact the business of insurance in the Commonwealth of Virginia as an insurance agent; and

THE COMMISSION is of the opinion and finds that Defendant has violated §§ 38.2-1804, 38.2-1809, 38.2-1813 and the Cease and Desist Order entered by the Commission in Case No. INS970071 by signing or allowing an insured to sign a blank or incomplete form pertaining to insurance, by failing to make records available promptly upon request for examination by the Commission during normal business hours, by failing to hold insureds' funds in a fiduciary capacity, by failing to pay funds to an insurer in the ordinary course of business, by failing to account for all premiums collected from insureds, by commingling premiums with personal funds, and by failing to maintain an accurate record and itemization of funds deposited into the agency's fiduciary account;

THEREFORE, IT IS ORDERED THAT:

(1) The licenses of Defendant to transact the business of insurance as an agent in the Commonwealth of Virginia be, and they are hereby, revoked;

(2) All appointments issued under said licenses be, and they are hereby, void;

(3) Defendant transact no further business in the Commonwealth of Virginia as an insurance agent;

(4) Defendant shall not apply to the Commission to be licensed as an insurance agent in the Commonwealth of Virginia prior to two (2) years from the date of this order;

(5) The Bureau of Insurance cause a copy of this order to be sent to every insurance company for which Defendant holds an appointment to act as an insurance agent in the Commonwealth of Virginia; and

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

DIVISION OF PUBLIC SERVICE TAXATION

CASE NO. PST920008
NOVEMBER 4, 1997

APPLICATION OF
ARLINGTON COUNTY

For review and correction of assessments of telecommunications companies - tax year 1992

FINAL ORDER

Before the Commission is the application of Arlington County ("Arlington") for review and correction of assessments of the value of certain types of personal property reported by telephone companies and taxable by Arlington. The Commission assigned this matter to a hearing examiner who conducted a hearing on March 18, 1997. Arlington, protestants, and the Commission Staff submitted a stipulation of facts, and the participants in the hearing submitted briefs on legal issues. On September 24, 1997, Hearing Examiner Howard P. Anderson, Jr. filed his report with the Commission. Upon consideration of the record developed and the Hearing Examiner's Report, the Commission will dismiss Arlington's application.

In its application, Arlington challenged the tax-year 1992 assessments of value of all property, except land and improvements thereon and automobiles and trucks, reported by the telephone companies. According to Arlington, the assessments of value of these types of personal property were erroneous to the extent that the Commission included the value of property leased, but not owned, by the telephone companies. Arlington also maintained that the Commission had unlawfully assessed the property of three companies, MCI Telecommunications Corporation, U.S. Sprint Communications Company, and Washington D.C. SMSA Limited Partnership, that lawfully do business in Virginia, but are not organized as Virginia public service corporations.

With regard to leased personal property, the Commission adopts Hearing Examiner Anderson's conclusion that the value of leased property was properly assessed. As required by § 58.1-2628 A of the Code of Virginia, telephone companies must report to the Commission all property owned, used, or operated. The Commission has for many years interpreted this provision to require the companies to report leased property of the types involved in this application. We have consistently assessed the value of these types of personal property, including leased property, and Arlington has not shown that our interpretation of the provisions of law directly controlling on the Commission, §§ 58.1-2628 A and 58.1-2633 of the Code of Virginia, is erroneous.

Likewise, the Commission finds nothing in the record or in any argument raised by Arlington to support the proposition that we have no jurisdiction to assess the property of telephone companies not organized as Virginia public service corporations. By statute, the Commission has authority to assess the value of telephone company property subject to local taxation. §§ 58.1-2600 and 58.1-2633 A of the Code of Virginia. Pursuant to these and related provisions of law, the Commission determined that there were 17 telephone companies, as defined in § 58.1-2600 of the Code of Virginia, operating in Arlington County for tax year 1992. While some of these companies are not organized as Virginia public service corporations, our classification of all 17 entities as telephone companies is supported by the record. The Commission received reports from these companies and assessed the value of their property at issue in this proceeding.

Article X, Section 1, of the Virginia Constitution gives the General Assembly broad legislative powers over taxation. The Commission will enforce these provisions of law governing taxation of telephone companies as enacted by the General Assembly.

Arlington's application challenges the Commission's long- standing interpretation and application of statutes directing the assessment of the value of real and personal property subject to local taxation. Arlington has made no showing or advanced any argument to persuade the Commission that these interpretations are erroneous. Accordingly, IT IS ORDERED THAT:

(1) The application of Arlington County for review and correction of tax-year 1992 assessments of the value of certain types of telephone company personal property is denied.

(2) This case be dismissed from the docket of active proceedings and the papers herein transferred to the files for ended proceedings.

CASE NO. PST950001
NOVEMBER 7, 1997

APPLICATION OF
WORLDCOM, INC., d/b/a LDDS WORLDCOM, INC.

For review and correction of the assessment for 1995 of telecommunications companies

ORDER CLOSING CASE

On October 4, 1996, the Commission granted the application of Worldcom, Inc. doing business in Virginia as LDDS Worldcom, Inc. ("Worldcom") for review and correction of the tax year 1995 assessments of the value of certain land (other than right-of-way) and buildings in several

counties and cities. We continued the case, however, pending audit by the Commission's Public Service Taxation Division. The Commission Staff has now moved to close this proceeding since the Public Service Taxation Division's audit verified the information supporting Worldcom's 1995 application.

Upon consideration of the Commission Staff motion and supporting memorandum from the Director of the Public Service Taxation Division, the Commission will grant the motion and close the case. Accordingly,

IT IS ORDERED THAT this Case No. PST950001 be dismissed and that the papers therein be transferred to the files for ended proceedings.

CASE NO. PST950002
OCTOBER 17, 1997

APPLICATION OF
AMSC SUBSIDIARY CORPORATION

For review and correction of the assessment for 1995 of telecommunications companies; and for other relief

FINAL ORDER

By Orders of this Commission entered herein on October 2, 1996, and October 3, 1996, this case was assigned to a Hearing Examiner to conduct further proceedings on behalf of the Commission for the purposes of taking evidence and making recommendations to the Commission for the determination of this Application for Review and Correction of Assessment. Pursuant to those Orders, the Hearing Examiner held a public hearing on January 8, 1997.

On the hearing date, Stephen Watts, II, Esquire appeared as counsel for the Petitioner. Dennis Bates, Esquire appeared as counsel for Fairfax County; and Wayne Smith, Esquire appeared as counsel for the Staff.

This case results from a Petition and Application filed by AMSC Subsidiary Corporation on December 22, 1995, requesting a declaratory judgment and a review and correction of the Commission's 1995 assessment of the value of telecommunications company property subject to local taxation. When AMSC tried to submit a report of property and gross receipts to the Public Service Taxation Division for the 1995 tax year, it was determined that the company did not qualify to have its property included in the 1995 Assessment Order. The Division refused to treat AMSC as a telephone company as defined in § 58.1-2600 of the Code of Virginia for purposes of assessing the value of the company's real and tangible personal property for tax year 1995. The prevalent issue was to determine when AMSC achieved the status as a telephone company as defined in the above statute.

After considering the evidence submitted in the case, the Hearing Examiner made the following findings and recommendations:

(i) A careful review of the FCC decisions and the evidence presented by Petitioner shows clearly that the approval granted to American Mobile Satellite Corporation in 1989 and transferred to AMSC Subsidiary in 1991 included Section 214 authorization; and

(ii) AMSC Subsidiary was a telephone company within the meaning of § 58.1-2600 of the Code of Virginia and a telecommunications company within the meaning of § 58.1-400.1 of the Code of Virginia on January 1, 1995.

The Commission, having considered the Hearing Examiner's Report, findings, comments and exceptions, and the statutes finds that the recommendations and findings contained in the Report are reasonable and should be adopted.

Accordingly, IT IS ORDERED THAT:

(1) The Hearing Examiner's findings be, and the same are hereby, adopted in their entirety.

(2) The Public Service Taxation Division shall promptly provide to the appropriate representative of AMSC the necessary annual report form, and, on or before November 14, 1997, AMSC shall file its report of all real and tangible property owned, used, or operated by it as of January 1, 1995, and its total gross receipts for the 12 months ending December 31, 1994.

(3) Forthwith, upon review of the report filed as ordered in (2), the Public Service Taxation Division shall prepare for the Commission's consideration any necessary supplemental assessments of the value of property subject to local taxation and special tax. The Public Service Taxation Division shall also prepare any necessary supplemental certification to the Department of Taxation.

(4) There being nothing further to come before the Commission, this case shall be dismissed, and the papers filed herein placed in the filed for ended causes.

CASE NO. PST970001
MAY 2, 1997

PETITION OF
OLD DOMINION ELECTRIC COOPERATIVE

For declaratory judgment

ORDER DISMISSING PETITION FOR DECLARATORY JUDGMENT WITHOUT PREJUDICE

This matter came before the Commission upon the Petition of Old Dominion Electric Cooperative ("Old Dominion") for a declaratory judgment that certain proceeds of transactions related to the undivided interest of Old Dominion in the Clover Power Station, identified in the Petition as "Clover Tax Benefit Transactions," are not subject to the annual license tax imposed pursuant to § 58.1-2626 of the Code of Virginia ("License Tax"), and the annual valuation tax imposed pursuant to § 58.1-2660 of the Code of Virginia ("Valuation Tax"), and for the Commission to expedite this matter for the reasons set forth in the Petition. In support of its Petition, Old Dominion appended a "Brief in Support of Petition."

By order of March 28, 1997, the Commission ordered the matter docketed and that notice be provided to interested parties previously served copies of the Petition by Old Dominion, and that notice also be provided to the co-owner of the facility, Virginia Electric and Power Company, and to the Virginia Department of Taxation; and that the Staff of the Commission be authorized to file an answer to the Petition.

On April 3, 1997, Old Dominion filed a Certificate of Service indicating service of notice of the Order of March 28, 1997, the Petition for Declaratory Judgment, and the Brief in Support of the Petition by hand delivery on April 3, 1997, to the parties set forth in the Order. No interested agency or person moved to intervene in this proceeding.

On April 11, 1997, the Commission Staff filed an Answer to the Petition and a Motion to Dismiss wherein the Staff contends that Old Dominion has an adequate statutory remedy which affords Old Dominion an opportunity to challenge any 1997 assessment of gross receipts taxes after that assessment is made, and that the Commission should not grant the equitable relief of declaratory judgment.

On April 15, 1997, Old Dominion filed a Reply Brief contending that a declaratory judgment of its tax liability in this matter is appropriate.

Upon consideration of all of which, the Commission finds as follows, to-wit:

1. That the Commission has previously interpreted the statutory provisions governing the assessment and collection of gross receipts taxes in previous years to require the assessment of taxes and mailing of bills by the middle of May so that such taxes will be due without penalty on June 1;

2. That Old Dominion did not petition the Commission for declaratory judgment on its tax liability until March 27, 1997. Thus, the Petition came before the Commission within approximately six weeks of the anticipated date for entry of an order of the Commission assessing gross receipts taxes;

3. That a declaratory judgment proceeding would raise a number of complex issues which can be resolved only after the making of a complete record and allowing sufficient time for consideration by the Commission, which time would overlap the billing and collection of gross receipts taxes as provided by statute;

4. That the time period involved in a declaratory judgment proceeding under these circumstances would be practically concurrent with the time period for the petitioner if it so desires, to pursue the remedies provided by the legislature for contesting the assessment and payment of the taxes involved in this Petition; and

5. That under these circumstances, the Commission finds that the statutory remedy for contesting assessments of gross receipts taxes is adequate and should be followed in lieu of a declaratory judgment proceeding.

ACCORDINGLY, the Commission does hereby grant the Motion of the Staff of the Commission to dismiss Old Dominion's Petition for Declaratory Judgment, there being available adequate statutory remedies provided by the General Assembly for challenging the assessments. This decision is prompted by the timing mandated by law for assessment, billing, and collection of gross receipts taxes and the adequacy of remedies presently available. In other circumstances, where the operation of statutory procedure for assessing, billing, and collecting taxes is not eminent, a petition for declaratory judgment on potential tax liability might be an appropriate remedy under the Commission's Rules of Practice and Procedure. The Commission is dismissing this Petition without prejudice to Old Dominion's pursuit of any statutory remedy for review and correction of any assessment of gross receipts taxes, or any portion of an assessment. In the event Old Dominion should pursue a statutory remedy, the Commission will promptly docket any application therefor and establish an appropriate procedural schedule.

ACCORDINGLY, IT IS ORDERED THAT this proceeding be closed and the papers herein be filed among ended proceedings.

CASE NO. PST970002
MAY 30, 1997

APPLICATION OF
OLD DOMINION ELECTRIC COOPERATIVE

For correction of assessments of gross receipts taxes and for a refund-tax year 1997

ORDER DISMISSING, IN PART, APPLICATION

On May 22, 1997, Old Dominion Electric Cooperative ("Old Dominion") applied for review and correction of the Commission's assessments of state license tax and special regulatory revenue tax made by order In re Assessment for 1997 of Heat, Water, Light, and Power Corporations, Order No. 970000031 (May 8, 1997). Old Dominion challenges assessments of these taxes totaling $13,335,000.

Old Dominion petitioned for review and correction of our assessments of gross receipts taxes pursuant to Va. Code Ann. § 58.1-2670, or in the alternative, Va. Code Ann. § 58.1-2030. Section 58.1-2670 authorizes applications to the Commission for review and correction within three months of receipt of an assessment of value or tax. ODEC accompanied its application with a Motion asking, among other things, that the Commission assume jurisdiction of this matter under Va. Code § 58.1-2670, and that the Commission give "expedited treatment [to] this Motion to provide it with the guidance it needs prior to the June 2, 1997 tax payment date."

On May 28, the Commission's Staff filed a Motion to Dismiss ODEC's application, and ODEC replied to the Staff's Motion on May 29.

As most recently reenacted by the General Assembly, Section 58.1-2670 is limited to review and correction of property taxes. The taxes challenged in Old Dominion's application, however, are levied against the gross receipts of public service companies. In support of its application, Old Dominion argues that the publishers of the Code of Virginia made a typographical error many years ago, and the error has been repeated in successive versions of the Code and in successive reenactments of what is now codified as Section 58.1-2670. When properly read, in Old Dominion's view, the remedy extends to gross receipts taxes.

The Commission will not accept Old Dominion's argument. While the language of the previous codification of this remedy may have extended to other taxes at one time, the General Assembly has subsequently reenacted the provision of law in its current form on several occasions. The Commission finds that it must apply the law as it presently reads. Section 58.1-2670 is limited in application to assessments of the value of property and the assessment of taxes on property, and Old Dominion's application must be dismissed to the extent it relies upon that provision.

Old Dominion also applied for review of these gross receipts tax assessments and refund pursuant to Section 58.1-2030. That provision authorizes an application within one year of the payment of the tax. As Old Dominion acknowledged in its application, it has not paid the challenged gross receipts taxes.

Section 58.1-2030 is the appropriate remedy for Old Dominion to invoke once it has paid the tax. Rather than dismiss Old Dominion's application the Commission will continue this matter to permit payment of all gross receipts taxes assessed for tax year 1997 by June 2, 1997. In the event gross receipts taxes are not paid in full as provided by law, the Commission will dismiss the application.

Accordingly, IT IS ORDERED THAT:

(1) Old Dominion's application for review of tax year 1997 gross receipts assessments is dismissed, in part, to the extent discussed above.

(2) That this matter be continued under the conditions discussed above until further order of the Commission.

CASE NO. PST970002
SEPTEMBER 17, 1997

APPLICATION OF
OLD DOMINION ELECTRIC COOPERATIVE

For correction of assessments of gross receipts taxes and for a refund - tax year 1997

ORDER GRANTING APPLICATION

Before the Commission is Old Dominion Electric Cooperative's ("Old Dominion") application for review and correction of the Commission's assessments of state license tax on gross receipts and special regulatory revenue tax on gross receipts for tax year 1997. After proper notice, a public hearing was held on the application on September 9, 1997. Upon consideration of the record in this proceeding and for the reasons discussed in this order, the Commission will grant Old Dominion's application.

Background

By order entered in In re Assessment for 1997 of Heat, Water, Light, and Power Corporations, Order No. 970000031 (May 8, 1997), the Commission assessed Old Dominion $16,136,669.90 in state license or gross receipts tax and $806,833.50 in special regulatory revenue tax for a total assessment of $16,943,503.40. Old Dominion timely paid in full these assessments. Old Dominion now seeks review and correction of these assessments and refund of state license tax overpayment of $12,700,000.00 and special regulatory revenue tax overpayment of $635,000.00. According to Old

Dominion, the Commission improperly treated proceeds from two transactions involving Old Dominion's undivided interest in Clover Power Station Unit One and Clover Power Station Unit Two as taxable gross receipts.[1]

Old Dominion applied for a review and correction on May 22, 1997, pursuant to §§ 58.1-2030 and 58.1-2670 of the Code of Virginia. In our May 30, 1997 Order Dismissing, In Part, Application, the Commission dismissed the Cooperative's application to the extent relief was sought under § 58.1-2030 of the Code of Virginia. On June 13, 1997, in the Order for Notice and Hearing, the Commission scheduled the matter for hearing on September 9, 1997 pursuant to § 58.1-2670 of the Code of Virginia. The Commission Staff and the Division of Consumer Counsel, Office of the Attorney General, as well as Old Dominion participated in the September 9 hearing. In addition to the testimony and the exhibits presented at the hearing, the record includes pre-hearing memoranda and oral argument.

Discussion

In 1996, Old Dominion participated in a number of complex, interrelated transactions involving Clover Unit One and a similar series of transactions involving Clover Unit Two. The Commission has reviewed the provisions of the many instruments involved in each transaction and considered each transaction as a whole.

The federal Internal Revenue Code provides for various benefits, including equipment depreciation, associated with ownership of the plant and equipment in Clover Units One and Two. Because it is currently exempt from federal income taxation, Old Dominion cannot take advantage of these tax benefits. In Old Dominion's particular situation, the Commission concludes that these tax benefits constitute assets which were sold in these transactions. The Commission notes that its conclusion is consistent with the position of the Attorney General's Division of Consumer Counsel.

Since we conclude that the Clover Unit One and Unit Two transactions involved sales of assets, the Commission finds that the proceeds from these transactions may not be included in taxable gross receipts as defined in § 58.1-2600 of the Code of Virginia. That provision provides, in part that, "Such terms shall not, however, include . . .receipts from the sale of real property or other assets . . .." Accordingly, the application for review and correction pursuant to § 58.1-2670 of the Code of Virginia should be granted and a refund should be issued.

IT IS, THEREFORE, ORDERED THAT:

(1) Old Dominion's application, to the extent not previously dismissed, be granted.

(2) Old Dominion's assessment of state license or gross receipts tax for tax year 1997 be reduced to $3,436,669.90.

(3) Old Dominion's assessment for special regulatory revenue tax for tax year 1997 be reduced to $171,833.50.

(4) A refund of $12,700,000.00 for overpayment of state license or gross receipts tax for tax year 1997, and a refund of $635,000.00 for overpayment of special regulatory revenue tax for tax year 1997 be made to Old Dominion.

(5) The refund ordered in (4), above, be without interest.

(6) The Commission's Public Service Taxation Division and Comptroller shall prepare appropriate documents and provide necessary information to the Comptroller of the Commonwealth for payment of the refund ordered in paragraph (4). The refund should be made to Old Dominion Electric Cooperative, Taxpayer Identification No. E-237048405, and be sent to Robert L. Kees, Controller, Old Dominion Electric Cooperative, 4201 Dominion Boulevard, Suite 300, Glen Allen, Virginia 23060.

(7) This case be dismissed from the docket and the papers be transferred to the files for ended proceedings.

---

[1] Pursuant to the Utility Transfers Act, §§ 56-88 through 56-92 of the Code of Virginia, the Commission authorized Old Dominion to dispose of and to acquire utility assets in conjunction with both transactions. Old Dominion Elec. Coop., Case No. PUA950049, 1995 S.C.C. Ann. Rep. 228 (Clover Unit One); Old Dominion Elec Coop., Case No. PUA960036, 1996 S.C.C. Ann. Rep. 164 (Clover Unit Two).

DIVISION OF PUBLIC UTILITY ACCOUNTING

CASE NO. PUA940025
JANUARY 27, 1997

APPLICATION OF
THE POTOMAC EDISON COMPANY

For approval to enter into an Emission Allowance Management Agreement with affiliates

OPINION

I.
Procedural History

On June 29, 1994, The Potomac Edison Company ("Potomac Edison" or "the Company") filed an application requesting approval pursuant to the Public Utilities Affiliates Act[1] to enter into an Emission Allowance Management Agreement ("Agreement") with its affiliates, Monongahela Power Company and West Penn Power Company ("the Affiliates"). Potomac Edison and the Affiliates are operated as an integrated utility system and are wholly-owned subsidiaries of the Allegheny Power System, Inc. ("APS"),[2] a registered public utility holding company system under the Public Utility Holding Company Act of 1935.[3]

In its application, the Company stated that the purpose of the Agreement was to manage and coordinate among the Company and the Affiliates the emission allowances that are created, and distributed to or acquired by the Company and the Affiliates, pursuant to the Clean Air Act Amendments of 1990 ("CAAA"), Pub.L. 101-549, 104 Stat. 2399 (1990). The application further stated "that no purpose would be served by the giving of formal notice or conducting a hearing concerning the approval sought herein and that the public served by Potomac Edison would be convenienced by the waiving of formal notice and hearing in regard thereto."[4]

In a letter dated October 7, 1994, the Commission Staff ("Staff") notified counsel for Potomac Edison of concerns with the allocation methodology prescribed by the Agreement. Specifically, Staff objected to the Company's proposed allocation of certain allowances on the basis of ownership ratios of the "Affected Generating Capacity."[5] Staff was concerned with that methodology because, under the Agreement, Potomac Edison would receive fewer emission allowances than it would under a methodology based upon the APS Power Supply Agreement. Staff felt that a methodology recognizing the Power Supply Agreement was more appropriate because it would acknowledge Potomac Edison's payments toward the fixed costs of the generating units whose operation formed the basis for the award of the allowances under the CAAA.

In a response dated October 27, 1994, the Company contended that an allocation based on generating unit ownership was reasonable considering the principles and purposes of the CAAA and the operation and goals of the entire APS system. The Company interpreted 42 U.S.C. § 7651g(i) to mean that the CAAA had a "distinct preference" for such allocation in instances where there are multiple owners of a generating unit. The Company also asserted that an allocation based on Potomac Edison's share of fixed costs was unrelated to the CAAA's fundamental purpose of reducing sulfur dioxide emissions.

By letter dated January 18, 1996, Staff requested that it be advised as to the Company's plans for resolving Staff's continuing concerns and the date by which the Company would respond. The Company was requested to file its response with the Clerk of the Commission. No response was ever filed.

On September 25, 1996, we issued our Order Denying Approval of the Agreement, finding that Potomac Edison had not met its burden of showing that the allocation methodology prescribed in the Agreement was in the public interest. We specifically noted our belief that Potomac Edison should receive a greater allocation of the emission allowances, acknowledging its greater payment of costs pursuant to the Power Supply Agreement. Potomac Edison did not file a petition for reconsideration of our order.

II.
Discussion of the Issues

The issues raised in this proceeding were whether the Company's proposed allocation based on ownership of generating units is in the public interest, and whether the proposed allocation is the only method allowed by the CAAA.

---

[1] Public Utilities Affiliate Act, Va. Code Ann. § 56-76, et seq. (Michie 1950).

[2] The APS power system operates pursuant to a FERC-approved Power Supply Agreement, a pooling arrangement for the sharing of power production and associated costs.

[3] The Public Utility Holding Company Act of 1935, 15 U.S.C. § 79 et seq.

[4] Application, at 3-4.

[5] Those generating units are awarded emission allowances annually based on operations in a historic period.

A. The Proposed Methodology is Not in the Public Interest

To have a transaction approved under the Public Utilities Affiliates Act, the public utility must meet its burden of demonstrating that the transaction is in the public interest, so that "an affiliated company of a regulated utility does not receive unjust benefits, to the detriment of the utility's customers." Roanoke Gas Co. v. Commonwealth, 217 Va. 850, 854, 234 S.E.2d 302, 305 (1977), quoting Brasfield, Regulation of Electric Utilities by the State Corporation Commission, 14 Wm. & Mary L. Rev. 589, 599 (1972-1973).

The proposed methodology for allocating the emission allowances between Potomac Edison and its affiliates is not in the public interest and, therefore, cannot be approved under the Affiliates Act. The Company has proposed an allocation methodology for those allowances distributed pursuant to the CAAA based solely on the ownership ratios of Potomac Edison and the Affiliates. The number of allowances assigned to APS companies is based on the operation of their generating units during a designated base period. Ownership interests in each generating unit were historically assigned to Potomac Edison and the Affiliates and are not updated to reflect changing conditions. Over time, the share of system capacity utilized, and paid for pursuant to the Power Supply Agreement, by Potomac Edison has outpaced the percentage of its ownership interests in the generating units. As a result, Potomac Edison ratepayers were charged for, and paid, capacity costs[6] of these units in excess of the Company's ownership interest and will continue to do so for the forseeable future. The Staff estimated that for the projected period 1995-2000, Potomac Edison would be held responsible for between 31.5 and 32.4% of APS generating capacity,[7] but would receive only 27.54% of the emission allowances for the same period.[8] It is not in the public interest for Potomac Edison's ratepayers to pay in excess of 30% of capacity costs of the generating units giving rise to the emission allowances, but receive only the considerably lower ownership percentage of the allowances. Simply put, in our view the proposed Agreement would allow the Affiliates to "receive unjust benefits, to the detriment of the utility's customers," contrary to the law.

B. The Proposed Methodology is Not Mandated by the CAAA

Section 7651g(i) of the CAAA does not mandate the allocation methodology proposed by the Company. See 42 U.S.C. § 7651g(i) (Law. Co-op. Supp. 1996). It merely requires filing of a certificate which specifies how emission allowances are to be allocated in instances ". . . where there are multiple owners of a generating plant. . . ." See 42 U.S.C. § 7651g(i). Specifically, this section of the CAAA states that:

> no permit shall be issued . . . until the designated representative of the owners or operators has filed a certificate . . . with regard to matters under this title, including the holding and distribution of allowances. . . . Where there are multiple holders . . ., the certificate shall state (1) that allowances and the proceeds of transactions involving allowances will be deemed to be held or distributed in proportion to each holder's legal, equitable, leasehold, or contractual reservation or entitlement, or (2) if such multiple holders have expressly provided for a different distribution of allowances by contract, that allowances and the proceeds of transactions involving allowances will be deemed to be held or distributed in accordance with the contract.

Id. (emphasis added).

Based on the above referenced language, Potomac Edison has the option of certifying that its emission allowance allocations will be based on any of a number of alternatives. The use of the word "or" in the statute indicates that all methodologies are equally acceptable.

Since the language of the statute makes clear that numerous methodologies are acceptable, it is unnecessary to look at the legislative history of this section of the CAAA. See Rubin v. United States, 449 U.S. 424, 430; 66 L.Ed.2d. 633, 638 (1981). Nevertheless, a review of the legislative history supports the same conclusion. A sponsor of § 7651g(i) of the CAAA stated that this amendment was "simply designed to protect the rights of minority owners or holders of other legal interests in a unit, without impinging on the rights of majority owners." 136 Cong. Rec. S 3378-3379 (March 28, 1990). Numerous allocation methodologies fulfill the purposes of the CAAA; under the facts of this case, the methodology proposed by Potomac Edison fails to serve the public interest under the law in Virginia.

III.
Conclusion

Based on the record developed herein, we find that the Company has not met its burden of demonstrating that the methodology proposed for the allocation of emission allowances is in the public interest. We therefore deny the Company's application for approval of the Emission Allowance Management Agreement with the Affiliates.

---

[6] Capacity costs are those costs associated with a generating unit that do not vary directly with energy produced by that unit. These costs include return on investment, depreciation, taxes, fixed maintenance and other expenses.

[7] In 1995, Potomac Edison's ownership interest in total APS generating capacity was 27%, yet the Company's actual capacity costs were 32.9% of the total.

[8] Conversely, the Affiliates would receive an allocation of allowances greater than their share of the capacity costs.

CASE NO. PUA950068
JANUARY 14, 1997

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For authority to contract for certain marketing services with The Peoples Natural Gas Company, an affiliate

ORDER GRANTING AUTHORITY

Virginia Natural Gas, Inc. ("VNG, the "Company," the "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act requesting authority to contract for certain marketing services with The Peoples Natural Gas Company ("Peoples," "Affiliate"). Peoples is a Pennsylvania corporation and is a wholly-owned subsidiary of Consolidated Natural Gas Company ("CNG"). Therefore, VNG and Peoples are affiliates under the provisions of the Public Utilities Affiliates Act.

As stated in the application, VNG requests authority to enter into a contract with Peoples for the provision by Peoples of certain market related services associated with natural gas vehicles and gas-fired appliances to VNG. Peoples will provide such services to three other CNG affiliated companies, The East Ohio Gas Company, Hope Gas, Inc., and West Ohio Gas Company.

The services to be provided to VNG are set forth in a Letter Agreement between Peoples and, inter alia, VNG dated July 7, 1995. As set forth in the Letter Agreement, Peoples will dedicate two of its current employees, its Manager, Natural Gas Vehicle Market Development and its Manager, Technical Market Development, to providing the services under the Letter Agreement. Such services will be provided to VNG at cost. Cost will include salaries; costs of employee benefits, payroll taxes, and compensated absences; all other out-of-pocket operating costs incurred by Affiliate in connection with providing services under the Letter Agreement; and administrative and general costs attributable to services performed, including reasonable amounts for general office maintenance and depreciation, amortization, return, and related taxes on Peoples' general plant investment used in providing the services. To the extent that the benefit of the services cannot be distinguished or reasonably allocated between the several parties to the Letter Agreement, the parties propose a predetermined allocation of 9.2% be attributed to VNG, based on number of customers of VNG compared to all parties to the Letter Agreement. The allocation figures will be adjusted annually based on a simple percentage of number of customers of each affiliated entity at the end of the preceding year. The Letter Agreement is intended to remain in force for one year, and from year to year thereafter until terminated by either party upon sixty days' written notice of termination.

In its application, the Company states that it is in the public interest for VNG to enter into the Letter Agreement because the services contemplated in the Letter Agreement can be "purchased" by VNG on an as needed basis more economically than maintaining appropriate expertise through employees employed full or part-time by VNG. The Company states that the expertise to be applied by Peoples' employees requires full-time employment within the natural gas energy industry and cannot be effectively secured from a non-industry source on a part- time or consulting basis. VNG represents that the Letter Agreement will enable VNG to avoid the cost of hiring similar qualified personnel within its own organization. To the extent that services provided by Affiliate can be identified as benefiting only one party, the expenses associated with those services will be billed only to that party. The Company, therefore, maintains that there will be no subsidization by VNG of services performed by Peoples which do not benefit VNG.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described Letter Agreement is in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Virginia Natural Gas, Inc. is hereby granted authority to enter into the Letter Agreement with The Peoples Natural Gas Company under the terms and conditions and for the purposes as described herein.

2) The authority granted herein shall not in any way be deemed to include the recovery of any costs or charges in connection with the Letter Agreement for ratemaking purposes.

3) The authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

4) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission.

5) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA950073
MAY 20, 1997

APPLICATION OF
COMMONWEALTH GAS SERVICES, INC.

For approval of propane supply agreement with Commonwealth Propane, Inc.

ORDER GRANTING APPROVAL

Commonwealth Gas Services, Inc. ("Commonwealth", "the Company", or "the Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act (the "Affiliates Act") requesting approval of a proposed propane supply agreement ("the Agreement") with

Commonwealth Propane, Inc. ("Propane"). Under the Agreement, Commonwealth will purchase propane from Propane on a spot market basis to supply customers served under the Company's Metered Propane Service ("MPS") Rate Schedule.

As discussed in the application, Commonwealth has purchased propane from Propane for years without having a Commission-approved affiliate agreement in place. Commonwealth states that it has not sought approval under the Affiliates Act for these purchases because they were not formal agreements and did not appear to rise to the level of "arrangements" under the Affiliates Act. The Agreement attempts to formalize the ongoing propane sales arrangement between Commonwealth and Propane. The purchases contemplated by the Agreement are for the propane purchased and facilities installed to supply Commonwealth's MPS customers. Commonwealth also purchases propane from Propane to supply propane peak shaving facilities, but these purchases are not part of this application. The affiliate agreement between Commonwealth and propane sales for peak shaving was approved by the Commission in Case No. PUA950025.

The term of the Agreement is for one year, which is extended for successive terms of one year. Either Commonwealth or Propane can terminate the Agreement upon thirty days' prior written notice.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described agreement is in the public interest and should be approved. However, in its order in Case No. PUE950033, Commonwealth's last rate case, the Commission established a moratorium on the addition of new MPS systems by Commonwealth. The Company may apply for a waiver to install a new MPS under special circumstances. Commonwealth will be required to use competitive bidding for any new systems installed under waiver. Further, Commonwealth should be made aware that our approval in this order of its affiliate arrangement with Propane is not intended to and does not approve specific propane prices charged by Propane and paid by Commonwealth. The Company will be required to prove, in subsequent Purchased Gas Adjustment (PGA) filings that the prices its pays for propane to its affiliate are reasonable and in the public interest before recovery of those costs will be permitted. The Commission expects an analysis from the Company comparing Propane's prices to those of potential alternative supplies in support of its PGA filings. The Company is further directed and encouraged to hasten the conversion of existing MPS installations to piped natural gas service. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to § 56-77 of the Code of Virginia, Commonwealth Gas Service is hereby granted approval of the proposed propane supply agreement with Commonwealth Propane, Inc. as described herein for existing MPS customers.

(2) Should the Company request a waiver on the Commission's moratorium on the addition of new MPS customers, established in Case No. PUE950033, Commonwealth must use competitive bidding if any new systems are installed under waiver.

(3) The approval granted herein shall in no way be deemed to include approval of specific propane prices charged by Propane.

(4) The Applicant will be required to submit materials supporting any propane charges from Propane that the Company seeks to recover through the PGA. The required supporting materials should include the prices of propane from alternative suppliers.

(5) The arrangements between Commonwealth and Propane will be reviewed as part of the Applicant's next rate case.

(6) The approval granted herein shall not preclude the Commission from exercising the provisions §§ 56-78 and 56-80 of the Code of Virginia hereafter.

(7) The Commission shall have the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

(8) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA950074
JUNE 18, 1997

APPLICATION OF
SOUTHWESTERN VIRGINIA GAS COMPANY

For approval of transactions with affiliates

ORDER GRANTING APPROVAL

Southwestern Virginia Gas Company ("Southwestern," the "Company," the "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act requesting approval for the following transactions with affiliates:

1) An arrangement between Southwestern Virginia Gas Company and Southwestern Virginia Energy Industries, Ltd. ("Energy") under which Energy pays the Company a yearly rental fee for Energy's use, by two officers of Energy and the Company, of their offices in the Company's building for working time devoted to the affairs of Energy and Batt's Neck Properties.

2) An arrangement for Southwestern to participate in an Employee Stock Ownership Plan ("ESOP") as a retirement vehicle for its employees.

3) An agreement to employ David McI. Williams as Secretary and Director of Southwestern.

4) An agreement to employ Charles T. Williams as Executive Vice President, Assistant Secretary, and Director of Southwestern.

5) An agreement to employ Charlotte W. McClain as Assistant Secretary, Director of Community Relations and Director of Southwestern.

Agreement between Southwestern Virginia Gas Company and Southwestern Virginia Energy Industries, Ltd.

Pursuant to the agreement between Southwestern and Energy (the "Rental Agreement"), Energy will reimburse Southwestern for office space utilized by Allan McClain and Ralph J. Pruitt, common directors of Southwestern and Energy. As stated in the application, Southwestern and Energy both pay Allan McClain and Ralph Pruitt for work performed for each company. The Rental Agreement provides for the reimbursement to Southwestern for the office space used by the two officers while performing their duties for Energy and Batt's Neck Properties. As stated in the application, Energy is a holding company and has no daily operations requiring the full-time duties of the two officers.

Allan McClain ("McClain") and Ralph J. Pruitt ("Pruitt") each occupy 454 square feet of office space out of a total of 6,800 square feet of office space contained in the office building leased by the Company. The total yearly occupancy expenses in 1994 were $59,231.64. Total occupancy expenses include rental expense, base telephone bill, utilities, and real estate taxes paid by Southwestern. The rental fee is determined based on a formula in which the percentage of square feet occupied by McClain and Pruitt to the total square footage times the work time devoted by McClain and Pruitt to Energy is multiplied by the yearly occupancy expenses as defined previously.

Agreement between Southwestern Virginia Gas Company and Southwestern Virginia Energy Industries, Ltd. Stock Ownership Plan ("ESOP")

As stated in the application, Southwestern's directors have elected to use ESOP as a retirement vehicle for its employees. Energy's ESOP is used since Southwestern is owned ninety-four per cent by Energy and having ESOP in the parent company permits Energy's other subsidiaries to participate in ESOP. This spreads the cost of ESOP over all of the employees of Energy as opposed to Southwestern having its own ESOP and having to bear all of the cost of administering a separate plan. ESOP is administered by outside companies. ESOP owns more than eighteen per cent of the outstanding common stock of Energy, and Energy owns more than ninety-four per cent of the outstanding common stock of the Company. Therefore, ESOP is an affiliate of the Company.

Pursuant to the Agreement between Southwestern and ESOP (the "ESOP Agreement"), ESOP will receive contributions on behalf of the Company's employees as the Company's directors agree to make on behalf of the employees. Such contributions will be held in trust by ESOP for the employees as may be designated by Southwestern in either their stock accounts or their cash accounts in accordance with the ESOP plan. ESOP will charge the Company for the services rendered to Southwestern. Southwestern will be charged only a portion of any charges made by, or sums paid to, non-related third parties for administration of ESOP and any incidental costs incurred by ESOP. The portion of such charges payable by the Company will be determined by a fraction the numerator of which will be the number of Company employees who are participants in ESOP and the denominator of which will be the total number of participants in ESOP.

Agreement between Southwestern Virginia Gas Company and David McI. Williams (the "Employment Agreement-Williams")

The Agreement between Southwestern and David McI. Williams ("Mr. Williams") is for the employment of Mr. Williams by Southwestern as Secretary and a Director. Since Mr. Williams owns or controls more than ten per cent of the voting securities of the Company, Mr. Williams is considered to be an affiliate of the Company. Pursuant to the Agreement, as amended by letter dated March 26, 1997, effective May 6, 1977, Mr. Williams will be paid an annual salary of $29,978. Without further amendment, the salary may be adjusted downward by any amount at any time and upward once each year by a percentage not to exceed the percentage increase in the Consumer Price Index for the preceding year rounded to the nearest whole per cent. Mr. Williams also may be reimbursed for such reasonable expenses as he may incur in providing services to the Company. As additional compensation, Mr. Williams will receive contributions to the ESOP/401K plan based on a percentage set by the Board of Directors each year for all employees. The percentage may be 0% to 15% according to plan documents. The Board of Directors has approved a 10% contribution to the plan each year since inception. Pursuant to the Agreement, Mr. Williams will serve as a part-time employee working that number of hours required to properly discharge the duties of his position and holding himself available to work as many hours as the proper discharge of those duties requires.

Agreement between Southwestern Virginia Gas Company and Charles T. Williams (the "Employment Agreement-C. Williams")

The Agreement between Southwestern Virginia Gas Company and Charles T. Williams ("Mr. C. Williams") is for the employment of Mr. C. Williams by the Company as Executive Vice President and Assistant Secretary and as a Director of the Company. Since Mr. C. Williams owns more than ten per cent of the voting securities of Southwestern, Mr. C. Williams is considered an affiliate of the Company. Pursuant to the Employment Agreement-C. Williams as amended by letter dated March 26, 1997, Mr. C. Williams will be paid an annual salary effective May 6, 1997, of $25,480 as Vice President Corporate Planning, Assistant Secretary, and Director. Without further amendment, the salary can be adjusted downward by any amount at any time and upward once each year by a percentage not to exceed the percentage increase in the Consumer Price Index for the preceding year rounded up to the nearest whole per cent. As additional compensation, Mr. C. Williams will receive contributions to the ESOP/401K plan based on a percentage set by the Board of Directors each year for all employees. The percentage may be 0% to 15% according to the plan documents. The Board of Directors has approved a 10% contribution to the plan each year since inception. Mr. C. Williams may also be reimbursed for such reasonable expenses as he may incur in providing services to Southwestern.

Pursuant to the Employment Agreement-C. Williams, Mr. C. Williams will serve as a part-time employee working that number of hours required to properly discharge the duties of his position and holding himself available to work as many hours as the proper discharge of those duties requires. Southwestern will also pay the premiums for Mr. C. Williams to participate in the group health insurance plan sponsored by the Company for its employees. Mr. C. Williams' employment is "at will," and he serves at the pleasure of the Board of Directors. Mr. C. Williams agrees to serve Southwestern in whatever position he is elected to by the Board of Directors and for whatever compensation the Board of Directors may determine to be appropriate. Mr. C. Williams agrees to serve as long as his services are required by the Company Board of Directors.

Agreement between Southwestern Virginia Gas Company and Charlotte W. McClain (the "Employment Agreement-McClain")

The Agreement between Southwestern Virginia Gas Company and Charlotte W. McClain ("Ms. McClain") is for the employment of Mrs. McClain by Southwestern as Assistant Secretary and Director of Community Relations and as a Director of the Company. Since Ms. McClain owns more than ten per cent of the voting securities of Southwestern, she is considered an affiliate of the Company. Pursuant to the Employment Agreement-Ms.

McClain as amended by letter dated March 26, 1997, Ms. McClain will be paid an annual salary of $19,474 effective May 6, 1997. Without further amendment, the salary may be adjusted downward by any amount at any time and upward once each year by a percentage not to exceed the percentage increase in the Consumer Price Index for the preceding year rounded up to the nearest whole per cent. As additional compensation, Ms. McClain will receive contributions to the ESOP/401K plan based on a percentage set by the Board of Directors each year for all employees. This percentage may be 0% to 15% according to the plan documents. The Board of Directors has approved a 10% contribution to the plan each year since inception. Ms. McClain will also be reimbursed for such reasonable expenses as she may incur in providing services to the Company.

Pursuant to the Employment Agreement-Ms. McClain, Ms. McClain will serve as a part-time employee working that number of hours required to properly discharge the duties of her position and holding herself available to work as many hours as the proper discharge of her duties requires. Her employment is "at will," and she serves at the pleasure of the Board of Directors.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described transactions are in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Southwestern Virginia Gas Company is hereby granted approval of the transactions with its affiliates as described herein.

2) The approvals granted herein shall have no ratemaking implications.

3) Any changes in the terms and conditions of the approved agreements from those contained herein shall require Commission approval.

4) The approvals granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

5) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

6) The Applicant shall file an Annual Report of Affiliate Transactions with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year beginning April 1, 1998, providing certain information on all affiliate transactions for the preceding calendar year. Information to be included is as follows: affiliate's name, description of each affiliate transaction, dates of each affiliate transaction, and total dollar amount of each transaction. The report shall include all agreements with affiliates regardless of the amount involved and shall supersede all other reporting requirements previously ordered.

7) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA950074
JULY 9, 1997

APPLICATION OF
SOUTHWESTERN VIRGINIA GAS COMPANY

For approval of transactions with affiliates

AMENDING ORDER

By Commission Order dated June 18, 1997, Southwestern Virginia Gas Company ("Southwestern," the "Company," the "Applicant") was granted approval of transactions with its affiliates, including three Employment Agreements. On page 4, paragraph 1, line 6, of that Order, it is stated that "effective May 6, 1977, Mr. Williams will be paid an annual salary of $29,978" pursuant to the Employment Agreement-Williams. The correct reference should, however, be to an effective date of May 6, 1997. Accordingly,

IT IS ORDERED THAT:

(1) Page 4, paragraph 1, line 6 of the Commission's June 18, 1997 Order shall be amended to read, "effective May 6, 1997, Mr. Williams will be paid an annual salary of $29, 978."

(2) All other provisions of the June 18, 1997 Order shall remain in full force and effect.

CASE NO. PUA960007
FEBRUARY 12, 1997

APPLICATION OF
SOUTH WALES UTILITY INC.

For approval to lease the water and sewerage facilities of South Wales Limited Partnership

ORDER GRANTING APPROVAL

South Wales Utility Inc. ("South Wales," the "Company," the "Applicant") has filed an application with the Commission under the Utility Transfers Act requesting approval to lease from South Wales Limited Partnership ("South Wales LP") , the developer of the South Wales subdivision in Culpeper County, Virginia. In reviewing the application, Staff determined that approval also is required under the Public Utility Affiliates Act. Pursuant to the Lease Agreement, South Wales possesses and operates all the water and sewerage facilities required for the provision of utility service in the proposed service area. As indicated in the application, permits have been issued to South Wales by the State Water Control Board and the State Department of Environmental Quality granting South Wales the authority to operate the facilities.

As indicated in the Lease Agreement, the facilities to be leased include all rights-of-way and all improvements relating to the facilities now or hereafter located on the facilities and all appurtenances belonging to the facilities. South Wales will have the right to possess and use the facilities and shall operate, maintain, and make improvements to the facilities in providing water and sewer utility services.

The initial term of the Lease Agreement began January 1, 1996, and expired on December 31, 1996. The Lease Agreement provides for additional one-year terms automatically on the same terms and conditions set forth in the Lease Agreement unless either party notifies the other in writing at least one hundred eighty days prior to the end of the initial term or renewal term that it wishes to terminate the Lease Agreement.

As specified in the Lease Agreement, during the term of the lease, the Company shall pay to South Wales LP as annual rent for the facilities a sum equal to $48,000 payable in equal monthly installments of $4,000 each. The lease will be an absolute net lease, yielding net to South Wales LP the rent due and all costs, expenses, and obligations of every kind and nature relating to the facilities shall be paid by South Wales. South Wales will be responsible for the operation and maintenance of the facilities. South Wales will pay all taxes, special assessments or governmental charges and assessments levied against the facilities and all other taxes of every kind payable in connection with the operation or conduct of a public utility business. The Company will also be required to maintain adequate insurance on the facilities.

THE COMMISSION, upon consideration of the application and representation of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described transfer will neither impair nor jeopardize adequate service to the public at just and reasonable rates and is in the public interest and, therefore, should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 and §§ 56-89 and 56-90 of the Code of Virginia, South Wales Utility Inc. is hereby granted approval to lease the water and sewerage facilities as described in the Lease Agreement from South Wales Limited Partnership.

2) The approval granted herein shall not be deemed to include the recovery of any costs or charges in connection with the Lease Agreement for ratemaking purposes.

3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

4) Should any terms and conditions of the lease change from those described herein, Commission approval shall be required for such changes.

5) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

6) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960008
JANUARY 16, 1997

APPLICATION OF
UNITED CITIES GAS COMPANY

For approval to purchase personal property from an affiliate

ORDER GRANTING AUTHORITY

United Cities Gas Company ("Applicant", "United Cities", "Company") has filed an application with the Commission under the Public Utilities Affiliates Act for authority to purchase personal property from UCG Energy Corporation ("Energy"), a wholly-owned subsidiary of United Cities.

United Cities states in the application that it would like to purchase the vehicles and furniture and fixtures which are currently being leased from Energy. Unites Cities also states that it will purchase the vehicles and furniture and fixtures from Energy at net book value which was approximately $394,967 and $13,723, respectively, at December 31, 1995. The principal reason for leasing the vehicles through Energy is that, under United Cities First

Mortgage Bonds Indenture, transportation equipment is not covered as bondable property. The ongoing capital requirement for providing vehicles is a drain on the Company's capital which is needed for higher priority items, such as financing construction. However, United Cities is now able to issue debt using a Medium Term Note Program under the Universal Shelf Registration (Case No. PUF950001) financing facility. Therefore, the notes are unsecured, and the requirement for bondable property is no longer required.

Energy, a wholly-owned subsidiary of United Cities, is a Delaware corporation, engaged in the business of leasing real and personal property, equipment and automotive vehicles and selling spot supplies of natural gas and propane.

Both United Cities and Energy believe that the terms and conditions are fair and reasonable and consistent with the public interest.

THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that the above-described transaction between United Cities and Energy would be in the public interest and should be approved. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, United Cities Gas Company is hereby authorized to acquire the vehicles, furniture, and fixtures as described herein at the current net book value;

2) That the approvals granted herein shall in no way be deemed to include the recovery of any costs or charges in connection with such acquisitions for ratemaking purposes;

3) That the authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

4) That 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, pursuant to § 56-79 of the Code of Virginia;

5) On or before March 31, 1997, the Applicant shall a Report of Action pursuant to the authority granted herein, such report to include the acquisition prices, dates of acquisition, and the accounting entries reflecting such acquisition; and

6) This matter shall be continued generally subject to the review, audit, and appropriate directive of the Commission.

CASE NO. PUA960012
SEPTEMBER 3, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval of a billing and collection agreement with an affiliate

ORDER GRANTING APPROVAL

Central Telephone Company of Virginia ("Centel," the "Company," the "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act requesting approval of a proposed agreement (the "Agreement") with Sprint Communications Company L. P. ("Sprint L.P.," the "Affiliate") pursuant to which Centel will perform billing and collection services for the Affiliate. Sprint Corporation is the parent for Sprint L.P. and Centel.

As stated in the application, Centel performs various billing and collection services for numerous telecommunications service providers such as long distance interexchange carriers and resellers, including Sprint L. P. The present billing and collection services provided by Centel to Sprint L. P. consist of casual billing services under an agreement dated July 1, 1988. This agreement was entered into before Centel became an affiliate of Sprint L. P. Centel proposes to enter into a new agreement with Sprint L. P. to include additional services and revised rates.

Centel states that the rates to be charged to the Affiliate are equal to the rates charged other telecommunications providers for the same services with like volumes in like circumstances. Centel requests approval for the Agreement effective March 1, 1996. Termination may occur on ninety days' written notice to the other party. Centel states that, since it offers substantially identical services to other telecommunications providers, there is no additional exposure to a greater business risk as a result of the Agreement.

By motion filed on June 3, 1997, ("Motion") Centel requests that it be granted, pursuant to § 56-77 B of the Code of Virginia, an exemption from the approval requirements of the Affiliates Act for the above-referenced application and requests that it be allowed to withdraw such application. In letters dated August 21, 1997, and August 28, 1997, Applicant, in responses to Staff inquiries, states that, although it has not signed the Agreement, it has been operating as if such agreement were already in effect since November of 1995.

NOW THE COMMISSION, having considered the Motion, representations of the Applicant and applicable law, is of the opinion that Centel's request for an exemption should be denied. We note that Centel represents that it has been operating pursuant to an affiliate arrangement detailed in the Agreement since November 1995. Such an arrangement was, therefore, in effect prior to the change in law for which Centel is seeking an exemption.[1] In this case we will not grant such an exemption. Moreover, the matter would appear to be moot in this instance, as we will approve the Agreement.

[1] § 56-77 B of the Code of Virginia became effective July 1, 1996.

We find that the above-described billing and collection agreement is in the public interest and should be approved. However, to ensure that the billing and collection agreement continues to be in the public interest, Centel should price services provided at the greater of market or cost. Centel should maintain evidence of this pricing policy to be available for Commission Staff review as needed. Accordingly,

IT IS ORDERED THAT:

1) Centel's motion requesting an exemption, pursuant to § 56-77 B, be and hereby is denied.

2) Pursuant to § 56-77 of the Code of Virginia, Central Telephone Company of Virginia is granted approval of the agreement with Sprint L.P. for billing and collection services under the terms and conditions and for the purposes as described herein to be effective March 1, 1996.

3) To ensure protection of the public interest, the Applicant shall price services at the higher of cost or market and shall maintain evidence of such pricing policy to be available for Staff inspection and review as needed.

4) The approval granted herein shall have no ratemaking implications.

5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

7) The Applicant shall include the agreement approved herein in its reporting requirements pursuant to the Commission's March 28, 1997 Order in Case No. PUA960046.

8) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960013
JUNE 10, 1997

APPLICATION OF
C & P SUFFOLK WATER COMPANY

For approval of acquisition of water supply facilities serving the subdivisions known as Deerfield and Scottswood

ORDER GRANTING APPROVAL

C & P Suffolk Water Company ("C & P Suffolk," the "Company," the "Applicant) has filed an application with the Commission under the Utility Transfers Act requesting approval of its acquisition of the water supply facilities serving the subdivisions known as Deerfield and Scottswood (the "Water Systems") from Colonial Waterworks, Inc. C & P Suffolk purchased the Water Systems on February 1, 1995. The Deerfield Water System is located within the City of Suffolk, Virginia. The Scottswood Water System is located within the County of Southampton, Virginia. The Deerfield System has approximately 125 users, and the Scottswood System has approximately 145 users.

As described in the application, C & P Suffolk purchased the entire working water systems, i.e., property upon which the wells are located, all necessary equipment and hardware associated with the wells and the distribution of water, the customer list, certificates, franchises, etc. The Company has operated the Water Systems since February 1, 1995.

According to information contained in the application, the Company purchased the Water Systems for a total price of $111,662.01. For the Deerfield Water System, C & P Suffolk assumed an existing note, secured by a deed of trust, with an unpaid principal balance, as of February 1, 1995, of $28,454.30. The note accrues interest at a rate of 10% per annum. Monthly payments are in the amount of $502.17. The indebtedness is due and payable on or before July 7, 2001. The balance of the purchase price was financed by the seller in the form of two unsecured promissory notes. The first note is in the amount of $40,000.00 with an interest rate of 9% per annum, monthly payments of $830.33, and is due on or before February 1, 2000. The second note is in the amount of $17,000.00 with an interest rate of 9% per annum, monthly payments of $352.89, and is due on or before February 1, 2000. As indicated by the Company, the purchase price was negotiated between C & P Suffolk and the seller, Colonial Waterworks, Inc. The Company states that there were no affiliations between the buyer and seller which would have influenced the negotiated purchase price.

In its application, the Company states that the principals, Ted W. Christian and David D. Pugh, possess considerable knowledge and expertise in the field of supplying water and the installations and repair of wells and water systems. The Company represents that due to the principals' expertise, C & P Suffolk will be in a position to operate and manage the two Water Systems. The Company further represents that since its acquisition of the Water Systems, it has been able to continue to provide adequate service to the public at a just and reasonable rate and that the service which the public receives at this time will not be impaired or jeopardized by the acquisition.

THE COMMISSION, upon consideration of the application and representation of the Applicant and having been advised by its Staff, is of the opinion finds that the above-described transfer of utility assets will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and is in the public interest. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to §§ 56-89 and 56-90 of the Code of Virginia, C & P Suffolk Water Company is hereby granted approval of its acquisition of the water facilities used to provide service to the subdivisions of Deerfield and Scottswood from Colonial Waterworks, Inc. under the terms and conditions and at the price of $111,662.01 as described herein.

2) The approval granted herein shall have no ratemaking implications.

3) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960015
SEPTEMBER 18, 1997

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.

For approval of telemarketing agreement with United Telephone Company of Florida

ORDER GRANTING APPROVAL

United Telephone-Southeast, Inc. ("United," "the Company," "the Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act ("the Affiliates Act") requesting approval of an Agreement for the Provision of Telemarketing Services ("the Agreement") with United Telephone Company of Florida ("United Telephone-Florida," "Affiliate"). As stated in the application, Sprint Corporation ("Sprint") proposes to combine the telemarketing operations, functions, and services performed by or on behalf of its operating units, such as the various local exchange telephone companies it owns throughout the United States, including those of United. These activities include inbound and outbound telemarketing for the sale of products and services offered by United. United requested approval of the Agreement effective retroactive to March 1, 1996, the date Sprint planned to combine its telemarketing operations. The Company has also filed an Amendment I to the Agreement with respect to compensation, term, and operational requirements. The Amendment I changed the effective date of the Agreement in Virginia to April 1, 1996.

Telemarketing activities have been performed internally by United for itself and for others, including Central Telephone Company of Virginia ("Centel-Virginia"), pursuant to an agreement approved by the Commission on November 1, 1995, in Case No. PUA940023. Approval of the agreement in this case would supersede the agreement approved in Case No. PUA940023 ("the Existing Agreement").

In connection with the combining of all the telemarketing activities into United Telephone-Florida, certain general support assets such as data processing and office equipment presently used by United in providing telemarketing services will be sold at net book value to United Telephone-Florida. In addition, the building space currently housing United's telemarketing activities will be leased to United Telephone-Florida pursuant to a Lease Agreement. The lease rate of $14,731.08 per month is based on cost. Employees of United performing telemarketing functions were to remain United employees only through 1996 and were to perform telemarketing services for United Telephone-Florida with all costs related to such employees, such as salary and benefits, billed to United Telephone-Florida.

Under the proposed Agreement, United Telephone-Florida will telemarket, or will cause to be telemarketed, pursuant to an agency agreement with TeleCENTERs, United's products and services to existing and potential customers, including those in the various areas of Virginia served by United. The objective of Affiliate's marketing efforts, as stated in the application, will be to obtain the customer's verbal authorization to purchase one or more of the Company's products and services while properly representing to the customer the functionality and prices of the services.

Pursuant to the Agreement, United will pay a monthly compensation to United Telephone-Florida for the services performed under the Agreement. Such compensation will be as specifically set forth in its Amendment I, which will be based on the market price for such services. As set forth in Amendment I, the Agreement is for a one-year term beginning April 1, 1996, and will renew automatically thereafter for one-year terms at prices negotiated by the parties. The Agreement may be terminated by either party upon notice.

By motion filed on June 3, 1997 ("Motion"), United requests that it be granted, pursuant to § 56-77 B of the Code of Virginia, an exemption from the approval requirements of the Affiliates Act for the above-referenced application and that it be allowed to withdraw such application. In letters dated August 21, 1997, and August 28, 1997, Applicant, in responses to Staff inquiries, stated that United entered into the Agreement effective March 1, 1996.

NOW THE COMMISSION, having considered the Motion, representations of the Applicant and applicable law, is of the opinion that United's request for an exemption should be denied. We note that United represents that it entered into the Agreement on March 1, 1996. The Agreement was, therefore, in effect prior to the change in law for which United is seeking an exemption.[1] In this case, we will not grant such an exemption. Moreover, the matter would appear to be moot, in this instance, as we will approve the Agreement.

We find that the above-described Agreement for the Provision of Telemarketing Services (including Amendment I) and the associated Lease Agreement and transfer of assets would be in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) United's motion requesting an exemption, pursuant to § 56-77 B, be and hereby is denied.

---

[1] § 56-77 B of the Code of Virginia became effective July 1, 1996.

2) Pursuant to § 56-77 of the Code of Virginia, United Telephone-Southeast, Inc. is hereby granted approval of the Agreement for the Provision of Telemarketing Services (including Amendment I) with United Telephone Company of Florida, the Lease Agreement, and the above-described transfer of assets under the terms and conditions and for the purposes as described herein except that pricing under the Agreement for the Provision of Telemarketing Services shall be at the lower of cost plus a reasonable return or the market price for such services.

3) The approval granted herein shall be effective retroactive to April 1, 1996, as requested in Amendment I.

4) The approval granted herein shall have no ratemaking implications.

5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

7) In connection with the approvals granted herein, United is granted approval for the termination of the Existing Agreement approved in Case No. PUA940023 by Order dated November 1, 1995.

8) The Applicant shall include the agreement approved herein in its reporting requirements pursuant to the Commission's March 28, 1997 Order in Case No. PUA960047.

9) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960017
SEPTEMBER 18, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval of telemarketing agreement with United Telephone Company of Florida

ORDER GRANTING APPROVAL

Central Telephone Company of Virginia ("Centel," "the Company," "the Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act ("the Affiliates Act") requesting approval of an Agreement for the Provision of Telemarketing Services ("the Agreement") with United Telephone Company of Florida ("United Telephone-Florida," "Affiliate"). As stated in the application, Sprint Corporation ("Sprint") proposes to combine the telemarketing operations, functions, and services performed by or on behalf of its operating units, such as the various local exchange telephone companies it owns throughout the United States, including those of Centel. These activities include inbound and outbound telemarketing for the sale of products and services offered by Centel. Centel requested approval of the Agreement effective retroactive to March 1, 1996, the date Sprint planned to combine its telemarketing operations. The Company has also filed an Amendment I to the Agreement with respect to compensation, term, and operational requirements. The Amendment I changed the effective date of the Agreement in Virginia to April 1, 1996.

Telemarketing activities have been performed by Centel's affiliate, United Telephone-Southeast, Inc. ("United"), pursuant to an agreement ("the Existing Agreement") approved by the Commission by Order dated November 1, 1995, in Case No. PUA940023. Approval of the agreement in this case would supersede the agreement approved in Case No. PUA940023.

Under the proposed Agreement, United Telephone-Florida will telemarket, or will cause to be telemarketed, pursuant to an agency agreement with TeleCENTERs, Centel's products and services to existing and potential customers, including those in the various areas of Virginia served by Centel. The objective of Affiliate's marketing efforts, as stated in the application, will be to obtain the customer's verbal authorization to purchase one or more of the Company's products and services while properly representing to the customer the functionality and prices of the services.

Pursuant to the Agreement, Centel will pay a monthly compensation to United Telephone-Florida for the services performed under the Agreement. Such compensation will be as specifically set forth in its Amendment I, which will be based on market prices for such services. As set forth in Amendment I, the Agreement is for a one-year term beginning April 1, 1996, and will renew automatically thereafter for one-year terms at prices negotiated by the parties. The Agreement may be terminated by either party upon notice.

By motion filed on June 3, 1997 ("Motion"), Centel requests that it be granted, pursuant to § 56-77 B of the Code of Virginia, an exemption from the approval requirements of the Affiliates Act for the above-referenced application and that it be allowed to withdraw such application. In letters dated August 21, 1997, and August 28, 1997, Applicant, in responses to Staff inquiries, stated that Centel entered into the Agreement effective March 1, 1996.

NOW THE COMMISSION, having considered the Motion, representations of the Applicant and applicable law, is of the opinion that Centel's request for an exemption should be denied. We note that Centel represents that it entered into the Agreement on March 1, 1996. The Agreement was, therefore, in effect prior to the change in law for which Centel is seeking an exemption.[1] In this case, we will not grant such an exemption. Moreover, the matter would appear to be moot, in this instance, as we will approve the Agreement.

We find that the above-described Agreement for the Provision of Telemarketing Services (including Amendment I) would be in the public interest and should be approved subject to restrictions set forth below. Accordingly,

[1] § 56-77 B of the Code of Virginia became effective July 1, 1996

IT IS ORDERED THAT:

1) Centel's motion requesting an exemption, pursuant to § 56-77 B of the Code of Virginia, be and hereby is denied.

2) Pursuant to § 56-77 of the Code of Virginia, Centel is hereby granted approval of the Agreement for the Provision of Telemarketing Services with United Telephone Company of Florida under the terms and conditions and for the purposes as described herein except that pricing under the Agreement for the Provision of Telemarketing Services shall be at the lower of cost plus a reasonable return or the market price for such services.

3) Centel shall bear the burden of proof that obtaining such services from Affiliate was cost effective, that it was not more costly to obtain telemarketing services from United Telephone-Florida than from United or by providing the services internally. Such proof shall be provided in the Company's report required in ordering paragraph (9).

4) The approval granted herein shall be effective retroactive to April 1, 1996, as requested in Amendment I.

5) The approval granted herein shall in no way be deemed to include the recovery of any costs or charges in connection with the approval granted herein for ratemaking purposes.

6) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

7) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

8) In connection with the approval granted herein, Centel is granted approval for the termination of the Existing Agreement approved in Case No. PUA940023 by Order dated November 1, 1995.

9) The Applicant shall include the agreement approved herein in its reporting requirements pursuant to the Commission's March 28, 1997 Order in Case No. PUA960046.

10) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960023
JUNE 27, 1997

APPLICATION OF
GTE SOUTH INCORPORATED

For approval of affiliate agreement with GTE North Incorporated, GTE Southwest Incorporated, and GTE Mobilnet Service Corporation

ORDER GRANTING APPROVAL

GTE South Incorporated ("GTE South," the "Company," the "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act requesting approval of an agreement referred to as CMRS *Star Information Plus Service Agreement (the "Agreement"). The Agreement has an effective date of March 21, 1996, and is between GTE Mobilnet Service Corporation ("Mobilnet") and GTE South, GTE North Incorporated ("GTE North"), and GTE Southwest Incorporated ("GTE Southwest").

As indicated by the Company, the Agreement was executed to enable GTE South to provide enhanced directory assistance ("DA") services to Mobilnet subscribers including the option of call completion for a *Star Information Plus ("*SIP") Service listing. The Agreement provides for *SIP Service in certain Mobilnet markets that serve wireless subscribers both inside and outside of the Company's local franchised areas in Virginia. The service to be provided by GTE South will work in the following manner. When the mobile customer dials DA access, the mobile switching center transports and switches the call to the designated Company end office or access tandem which is referred to as a Connection Point. Mobilnet-specific mechanized branding is provided at the Connection Point. The call is then routed to the operator services switch. The operator queries the mobile subscriber and then the Listing Services Data Base to find the customer request. An Automated Response Unit provides the listing to the customer after which there are three call completion options available to Mobilnet if the suscriber desires call completion. These options are as follows: 1) listing allowed/returned to Mobilnet for call completion, 2) listing allowed/intraLATA call completion to the public switched telephone network, and 3) listing allowed/call completion not allowed.

GTE South states in its application that the Agreement allows Mobilnet to aggregate DA traffic and thereby receive volume discounts. It provides for pricing based on a one-year term that begins with the In Service Date. During the seventh month of the term, Mobilnet has the option to select a three-year term with associated pricing and options. The higher the volume of events committed to by Mobilnet, the lower the rate.

The Agreement will continue one year after the In Service Date and will be automatically renewed for successive one-year periods unless either party notifies the other of its intent to terminate. At the end of the second renewal, the Agreement will be terminated.

As indicated by the Company, Mobilnet desires to receive this service because *SIP Service enhances its wireless product by providing additional convenience and safety. GTE South desires to provide the service because it will provide additional revenues and more fully utilize its switching capacity and operator services resources. GTE South states that the Agreement is beneficial to its ratepayers in Virginia in that it should provide a margin and thereby reduce the Company's overall revenue requirement, which benefits the public interest. The Company states that the terms and

conditons are nonexclusive and are being offered by GTE Telephone Operations on a non-discriminatory basis to other Commercial Mobile Radio Service ("CMRS") providers.

THE COMMISSION, upon consideration of the application and representation of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described CMRS *Star Information Plus Service Agreement is in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, GTE South Incorporated is hereby granted approval of the CMRS *Star Information Plus Service Agreement with GTE North Incorporated, GTE Southwest Incorporated, and GTE Mobilnet Service Corporation with an effective date of March 21, 1996, under the terms and conditions and for the purposes as described herein.

2) The approval granted herein shall have no ratemaking implications.

3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

4) Should there be any changes in the terms and conditions of the Agreement from those contained herein, Commission approval shall be required for such changes.

5) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

6) The Applicant shall include the agreement approved herein in its annual Annual Affiliated Transactions Report to be filed with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year beginning April 1, 1998. Information to be included in the Report is as follows: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; 4) total dollar amount of each affiliate transaction; 5) component costs of each transaction where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overhead); 6) profit component of each transaction where services are provided to an affiliate; 7) comparable market value of each transaction where services are provided to an affiliate; 8) percent/dollar amount of each affiliate transaction charged to expense and/or capital accounts; 9) allocation bases/factors for allocated costs; and 10) comparative market values/documentation where services are received from an affiliate. The report shall include all agreements with affiliates regardless of amount involved and shall supersede all other affiliate reporting requirements previously ordered.

7) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960025
MAY 27, 1997

APPLICATION OF
UNITED CITIES GAS COMPANY

For approval of transactions with an affiliate, Woodward Marketing, L.L.C.

ORDER GRANTING APPROVAL

United Cities Gas Company ("United Cities," the "Company," the "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act requesting approval of an arrangement with Woodward Marketing, L.L.C. ("Woodward," the "Affiliate") by which United Cities will purchase natural gas from Woodward at a favorable rate, and Woodward will use United Cities' storage and firm transportation rights in Virginia and Tennessee. As stated in the application, Woodward is a Delaware limited liability company with United Cities' subsidiary UCG Energy Corporation owning 45% interest in Woodward. Woodward, therefore, is considered an affiliate of United Cities as defined in § 56-76 of the Code of Virginia. Woodward is a marketer and was organized to purchase, sell, provide storage, and market natural gas throughout the country to anyone who would need their services.

As stated in the application, on April 2, 1996, United Cities and Woodward entered into a Gas Sales Contract (the "Contract") for the purpose of Woodward managing United Cities' storage and firm transportation contracts in its Virginia and Tennessee service area. The effective date of the Contract is April 1, 1996, and will be effective through March 31, 1999. There will be daily transactions effected by the Contract. The Company requests approval of the Contract retroactive to April 1, 1996.

As explained in the application, for the right to manage and use these contracts, Woodward will sell to United Cities natural gas below the basket of indices used to determine benchmark pricing for the monthly baseload spot purchases described in the Company's gas purchase incentive mechanism, currently in effect in the state of Tennessee, plus other pass-through charges. The Company represents that the price will be less than the amount previously paid for natural gas by United Cities. Prior to this Contract, the Company purchased gas for its Virginia and Tennessee service territory at approximately index minus three cents. The Company estimates the savings to its Virginia ratepayers to be in the range of $150,000 to $200,000 per year. In exchange for selling gas at this price, the Affiliate will have the right to manage and use for its own purposes, United Cities' storage and firm transportation on its pipeline systems in Virginia and Tennessee. This will be subject to certain conditions, such as recall and priority, as set forth in the Contract.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that, since the Contract is part of an experimental incentive program still under review by the Tennessee Public Service Commission (the "Tennessee Commission"), it would appear to be in the public interest to approve the continuation of the Contract on a conditional basis until such

time as the final reports and orders have been issued by the Tennessee Commission. After such reports and orders have been filed and reviewed by our Staff, we will issue a further order addressing appropriate approval in the matter. The Commission is of the further opinion that United Cities should be prepared to support the flow-through of savings and costs resulting from the program through the Virginia Purchased Gas Adjustment ("PGA"). Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, United Cities is hereby granted approval to continue to operate under the Contract under the terms and conditions and for the purposes as described herein on a conditional basis, such approval granted retroactive to April 1, 1996.

2) The Applicant shall promptly file with the Commission copies of all final reports and orders issued by the Tennessee Commission related to this matter.

3) The Applicant shall be prepared to support the flow-through of savings and costs resulting from the Contract through the PGA.

4) Should United Cities wish to continue an incentive purchasing program in Virginia once the experimental program has been completed, the Company shall file for approval of such performance based incentive rates with this Commission. As part of that filing, the Company shall file an application for approval under the Public Utility Affiliates Act if a marketing relationship between United Cities and the Affiliate is to continue.

5) United Cities shall file copies of the independent consultant's reports for the years 1995 and 1996 with the Commission's Division of Public Utility Accounting and Division of Energy Regulation.

6) The Company shall file quarterly updates with the Commission, beginning July 1, 1997, on the status of the incentive program in Tennessee until final reports and orders are issued by the Tennessee Commission.

7) Should any terms and conditions of the Contract change from those described herein, Commission approval shall be required for such changes.

8) The approval granted herein shall have no ratemaking implications.

9) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

10) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission, pursuant to § 56-79 of the Code of Virginia.

11) This matter shall be continued generally subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUA960028
APRIL 22, 1997

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval of an affiliate agreement

ORDER GRANTING APPROVAL

Virginia Natural Gas, Inc. ("VNG or Applicant") filed an application on April 30, 1996, under the provisions of the Public Utilities Affiliates for approval of an affiliate agreement with The East Ohio Gas Company (East Ohio Gas) for the provision of advertising services ("hereafter referenced as "the Agreement"). Both companies are affiliates of Consolidated Natural Gas Company (CNG), a public utility holding company. Under the agreement, East Ohio Gas will provide marketing, communications and advertising services to VNG as well as to three other CNG affiliated companies.

The Application asserts that the agreement is in the public interest, because the subject services can be obtained by VNG "on an as-needed basis more economically than maintaining appropriate expertise through employees employed full or part time by VNG."

"Subject services" refers to "marketing, communications and advertising services" and to the "production and delivery of external communications..." The term "external communications" refers to all forms of communications which VNG has with its customers, including bill stuffers, brochures, literature, newsletters and advertising. Advertising is defined as the purchase of mass media communications such as radio, television, newspapers, direct mail, or the production of literature designed for targeted distribution.

The objective of the centralized advertising group is to coordinate the different forms of communications with the four companies comprising Consolidated Natural Gas (CNG) to ensure that the company is "message-effective and cost-effective." The centralized advertising group to be established at East Ohio Gas will be termed CNG Marketing Communications.

Stated advantages of having a centralized groups include:

- Economies of scale related to market research and the development and production of marketing communication materials.

- Economies of scale that will attract higher quality, more cost effective advertising proposals than those which VNG can generate on its own.

- Provision of improved services and products not currently provided by in-house personnel or by VNG's advertising agency.

All services rendered under the agreement will be provided at cost. VNG will be billed monthly by East Ohio Gas. Costs directly assigned to VNG will be billed directly. Costs not directly assigned will be allocated to VNG based on the number of customers at the previous year-end for each of the CNG Affiliated Companies.

Decisions concerning the choice of advertising agencies will be transferred to the centralized advertising group which will contract with vendors on a consolidated basis. VNG will exercise management review by participation in the review of creative work and media schedules. The Applicant provided detailed information concerning the reorganization and a detailed review of its advertising budget and expense levels. While the costs of advertising is anticipated to increase substantially, it is in response to management's perception of new advertising requirements from changing market conditions and increased competition.

THE COMMISSION, upon consideration of the application and representation of the Applicant and having been advised by Staff, is of the opinion that approval of the Agreement is in the public interest and should be approved. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, Applicant is hereby granted approval of the Agreement;

2) That the Applicant shall file an annual report identifying by month total VNG advertising costs, grouped by purpose of advertising, i. e., among (1) general corporate advertising, (2) promotional advertising, (3) related and incidental and (4) all other advertising, i.e., legal and informational. Within each of these four groups, VNG shall identify the dollar amount of costs under this affiliate agreement with each amount so identified broken-down between direct and allocated costs; this report shall accompany the filing of the Annual Report of Affiliate Transactions, as set forth in Case No. PUA960082;

3) That the Applicant shall maintain appropriate files of working papers and copies of monthly billings in support of the annual report referenced above, and Staff shall be provided copies of such billings upon request. Identified costs will be cross-referenced, or indexed, to specific ad copy to relate clearly the ad dollar to the ad copy. Files shall include copies of actual advertisements placed by media, i.e., TV, newspapers, newsletters, and so forth;

4) That the Applicant, when using a period other than a calendar year for rate purposes, shall file the information required for this annual report with the Applicant's rate application;

5) That should any terms and conditions of the Agreement change from those described herein, Commission approval shall be required for such changes;

6) That the approval granted herein shall in no way be deemed to include approval of recovery of any charges or costs for ratemaking purposes;

7) That the approval granted herein shall not preclude the Commission from exercising the provisions of § 56-78 and 56-80 of the Code of Virginia hereafter;

8) That the Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission, pursuant to § 56-59 of the Code of Virginia; and

9) That this matter shall be continued generally, subject to the continuing review, audit, and appropriate directive of this Commission.

CASE NO. PUA960029
SEPTEMBER 16, 1997

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.

For authority to amend its directory publishing agreement with Sprint Publishing and Advertising, Inc.

ORDER GRANTING AUTHORITY

United Telephone-Southeast, Inc. ("United," the "Company," the "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act ("the Affiliates Act") requesting authority to amend its directory publishing agreement (the "Agreement") with its affiliate, Sprint Publishing and Advertising, Inc. ("SPA") effective January 1, 1996, hereinafter referenced as "the Amendment," to provide for a revised fee for listing information and add a charge for service order updates. The Agreement was originally approved by the Commission in Case No. PUA880020, by Order dated September 16, 1988, for a five-year period beginning January 1, 1988, with automatic renewals continuing in effect.

The Company states in its application that, in view of the Telecommunications Act of 1996 (the "Act") requirement for United to provide subscriber list information on a non-discriminatory unbundled basis, United is adjusting its listing fee in the Agreement to the market rate, a rate at which it will provide listings to any requesting directory publisher, as well as adding a separate charge for service order updates.

United states that the proposed amendments will be beneficial in that United will obtain additional revenues for service order updates. For listing information and service order updates, the pricing will comply with recently enacted law, and with respect to the base fee, United will continue to obtain payments based on the net collected revenues as set forth in the Agreement.

By motion filed on June 3, 1997 ("Motion"), United requests that it be granted, pursuant to § 56-77 B of the Code of Virginia, an exemption from the approval requirements of the Affiliates Act for the above-referenced application and requests that it be allowed to withdraw such application. In letter dated August 28, 1997, United states that, although the Amendment has an effective date of January 1, 1996, the Company has not been charging the rates proposed in the Amendment.

NOW THE COMMISSION, having considered the Motion, representations of the Applicant and applicable law, is of the opinion that United's request for an exemption should be denied. We note that United's Amendment was effective January 1, 1996. The Agreement, as amended, was, therefore, in effect prior to the change in law for which United is seeking an exemption.[1] We will not, therefore, grant an exemption in this case. Moreover, the matter would appear to be moot in this instance, as we will approve the Amendment effective as of May 13, 1996, the date the Amendment was filed with the Commission.

We find that the above-described amendment to United's directory publishing agreement with SPA would be in the public interest and should be approved. However, to ensure that the Agreement and the proposed amendment continue to be in the public interest, United should price services provided at the greater of market or cost plus a reasonable return. United should maintain evidence of this pricing policy to be available for Commission Staff review as needed. Accordingly,

IT IS ORDERED THAT:

1) United's motion requesting an exemption, pursuant to § 56-77 B of the Code of Virginia, be and hereby is, denied.

2) Pursuant to § 56-77 of the Code of Virginia, United Telephone-Southeast, Inc. is hereby granted authority for the proposed amendment to its existing directory publishing agreement with Sprint Advertising and Publishing, Inc. effective as of May 13, 1996.

3) To ensure protection of the public interest, the Applicant shall price services at the higher of cost plus a reasonable return or the market price and shall maintain evidence of such pricing policy to be available for Staff inspection and review as needed.

4) The authority granted herein shall have no ratemaking implications.

5) The authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

7) The Applicant shall include the amendments authorized herein in its reporting requirements pursuant to the Commission's March 28, 1997 Order in Case No. PUA960047.

8) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

[1] § 56-77 B of the Code of Virginia became effective July 1, 1996

CASE NO. PUA960030
APRIL 15, 1997

JOINT APPLICATION OF
GTE SOUTH, INC., GTE DATA SERVICES, INC.
AND GTE GOVERNMENT SYSTEMS CORPORATION

For approval of two affiliate agreements

ORDER GRANTING APPROVAL

GTE South Incorporated ("GTE South", "Company") has filed an application with the Commission under the Public Utilities Affiliates Act requesting approval of two separate affiliate agreements, the Master Service Agreement and the Master Agreement For Software Development ("Agreements"), between GTE Data Services Incorporated ("GTEDS") and GTE Government Systems Corporation ("GovSys").

As stated in the application, GTEDS is a Delaware corporation. GTEDS is an international corporation in the data processing industry and provides computer processing and professional information management services to GTE Telephone Operations in the United States, Canada and the Dominican Republic as well as numerous customers in targeted commercial markets. It is a wholly owned subsidiary of GTE Corporation and, as such, is an affiliate of GTE South.

GovSys also is a Delaware corporation that is a leader in the advancement of the development of telecommunications, international intelligence systems and communications switching as well as a major systems integrator of customized systems for defense, government and industry. It is a wholly owned subsidiary of GTE Corporation and, as such, is an affiliate of GTE South.

The parties seek approval of two separate Agreements. The first is referred to as the Master Service Agreement and is between GovSys and GTEDS, for the benefit of itself and other affiliated entities, including GTE South. The second agreement is the Master Agreement for Software Development and is also between GovSys and GTEDS, for the benefit of itself and other affiliated entities, including GTE South.

As indicated in the application, the Master Service Agreement was executed to establish generic terms and conditions for as many business related issues as possible when GTE Corporation engages GovSys to provide services on its behalf. Issues addressed include the billing procedure, treatment of confidential information, intellectual property rights, work rules, dispute resolution, key personnel, travel expenses and representations and warrants. The Master Agreement For Software Development was executed to establish generic terms and conditions for as many business related issues as possible when GTE Corporation engages GovSys to develop, enhance, create and support software products and related materials on its behalf. Issues addressed include software product and commercial equipment warranties, post-warranty software maintenance and support, payment terms, dispute resolution, infringement indemnity, intellectual property rights, treatment of confidential information, computer access and key personnel.

Under the Agreements, the services/projects to be provided are described in Statements of Work ("SOW"). The SOWs further describe project deliverables, schedules, warranties, costs and any other terms specific to a project.

The Company represents that approval will not result in it providing any subsidy to GovSys or GTEDS or any other nonregulated entity, nor will the Company be exposing itself to any unnecessary business risks. In addition, both Agreements contain a "Most Favored Customer" clause whereby GovSys represents that the provisions of the agreements are equal to or better than the equivalent provisions being offered to its most favored customers.

The Company states that both of the Agreements were in force for two (2) years from their effective dates (July 7, 1994, through July 7, 1996, and August 8, 1994, through August 8, 1996, respectively). In addition, the Company has indicated that the parties executed an amendment to the Master Software Development Agreement on December 4, 1996, which extends the agreement until September 30, 1998. The Company further states that The Master Service Agreement extension is currently on hold pending determination of GTE's current and future requirements for Program/Project Managers/Benchmark skills efforts from GTE Government Systems.

THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that the above-described affiliate agreements are in the public interest and should be approved on a retroactive basis. However, the Commission is concerned with the Company's repetitive tardiness in filing for approval of affiliate agreements, and we note the delay in filing for approval in this proceeding as well as in Case Nos. PUA940057; PUA950011; PUA950012; and PUA950034. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, GTE South Incorporated is hereby granted approval of the Master Service Agreement between GTE Data Services Incorporated and GTE Government Systems Corporation retroactive to July 7, 1994, under the terms and conditions as described herein;

2) That, pursuant to § 56-77 of the Code of Virginia, GTE South Incorporated is hereby granted approval of the Master Agreement For Software Development between GTE Data Services Incorporated and GTE Government Systems Corporation retroactive to August 8, 1994, under the terms and conditions as described herein;

3) That should any terms and conditions of the Master Service Agreement or the Master Agreement For Software Development change from those contained in this application, Commission approval shall be required for such changes;

4) That Applicant shall file an application for the approval of the amendment to the Master Software Development Agreement executed on December 4, 1996, within thirty (30) days after the date of this Order;

5) That Applicant shall adhere to the provisions of § 56-77 of the Code of Virginia before executing any contracts and/or agreements in the future;

6) That the approval granted herein shall in no way be deemed to include the recovery of any costs or charges in connection with the Master Service Agreement or the Master Agreement For Software Development for ratemaking purposes;

7) That the approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

8) That 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, pursuant to § 56-79 of the Code of Virginia;

9) That Applicant shall file an Annual Affiliated Transaction Report for all affiliate transactions with the Director of Public Utility Accounting by no later than April 1 of each year, for the preceding calendar year, the first of such report due on or before April 1, 1998. Such report shall include the following affiliate information: 1) affiliate's name; 2) description of each affiliate transaction; 3) start/completion date of each affiliate transaction; 4) total dollar amount of each affiliate transaction; 5) component costs of each affiliate transaction (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous, equipment/facilities, overhead/markup, etc.); 6) percent/dollar amount of each affiliate transaction charged to expense and/or capital accounts; 7) allocation bases/factors for allocated costs; and 8) comparative cost values of such transactions when competitively bid in the market place;

10) That such report shall include all agreements with affiliates regardless of the amount involved and shall supersede all other affiliate reporting requirements previously ordered; and

11) That there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960031
JANUARY 27, 1997

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.

For approval of a sales agency agreement with an affiliate

ORDER GRANTING AUTHORITY

United Telephone-Southeast, Inc. ("United-Southeast", "Company", "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act for authority to enter into a Sales Agency Agreement (the Agreement) with Sprint Communications Company L.P. ("Sprint L.P."), whereby United-Southeast will act as a sales agent for Sprint L.P. and sell Sprint L.P. services.

The parties propose to enter into the Agreement in order for United-Southeast to provide its customers with a single point of contact for all their telecommunication needs. United-Southeast states in its application that with the emergence of intraLata competition and to have the ability to compete effectively in the marketplace, it must meet its customers' demand with toll calling plans that provide a simplified pricing schedule and integration of products and services for intrastate and interstate toll calling. United-Southeast also states that it does not have any sales agency agreements to provide services similar to those to be provided pursuant to the Agreement with other parties (affiliated or non-affiliated). All costs associated with the marketing of Sprint L.P. services by United-Southeast's field sales personnel will be directly assigned.

Per the Agreement, Sprint L.P. will pay United-Southeast compensation as described in Paragraph 6 of Attachment A to the Application.

In addition, United-Southeast states that no unregulated affiliate will be subsidized nor will it expose itself to greater business risks as a result of the proposed Agreement. United-Southeast believes the Agreement is in the public interest and not detrimental to its customers in view of the benefits which can be obtained, i.e., "one stop shopping" for all their telecommunication needs.

The Agreement is for an initial period of six (6) months and shall renew for successive six (6) month terms subject to the right of either party to terminate upon thirty (30) days written notice, or upon ten (10) days written notice in the event of the other party's material breach of any provision of the Agreement.

THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that the above described Agreement between United-Southeast and Sprint L.P. would be in the public interest and should be approved. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, United Telephone-Southeast, Inc. is hereby authorized to enter into the Agreement with Sprint Communications Company L.P. whereby United-Southeast will act as a sales agent for Sprint L.P. and sell Sprint L.P. services under the terms and conditions described herein;

2) That should any terms and conditions of the Agreement change from those described herein, Commission approval shall be required for such changes;

3) That the authority granted shall have no ratemaking implications;

4) That the authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

5) That 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, pursuant to § 56-79 of the Code of Virginia;

6) That Applicant shall file a report with the Directors of the Public Utility Accounting Division and the Communications Division of the Commission on an annual basis, such report to include, by month, a summation of jurisdictional costs associated with the marketing of Sprint L.P. services, and a summation, broken down between residential and small business customers, of compensation received from Sprint L.P.;

7) That such report shall be filed with the Directors of Public Utility Accounting Division and the Communications Division by no later than May 1 of each year, for the preceding calendar year, the first of such reports due on or before May 1, 1998; and

8) That there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960032
JANUARY 27, 1997

APPLICATION OF

CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval of a sales agency agreement with an affiliate

ORDER GRANTING AUTHORITY

Central Telephone Company of Virginia ("Centel-Virginia", "Company", "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act for authority to enter into a Sales Agency Agreement (the Agreement) with Sprint Communications Company L.P. ("Sprint L.P."), whereby Centel-Virginia will act as a sales agent for Sprint L.P. and sell Sprint L.P. services.

The parties propose to enter into the Agreement in order for Centel-Virginia to provide its customers with a single point of contact for all their telecommunication needs. Centel-Virginia states in its application that with the emergence of intraLata competition and to have the ability to compete effectively in the marketplace, it must meet its customers' demand with toll calling plans that provide a simplified pricing schedule and integration of products and services for intrastate and interstate toll calling. Centel-Virginia also states that it does not have any sales agency agreements to provide services similar to those to be provided pursuant to the Agreement with other parties (affiliated or non-affiliated). All costs associated with the marketing of Sprint L.P. services by Centel-Virginia's field sales personnel will be directly assigned.

Per the Agreement, Sprint L.P. will pay Centel-Virginia compensation as described in Paragraph 6 of Attachment A to the Application.

In addition, Centel-Virginia states that no unregulated affiliate will be subsidized nor will it expose itself to greater business risks as a result of the proposed Agreement. Centel-Virginia believes the Agreement is in the public interest and not detrimental to its customers in view of the benefits which can be obtained, i.e., "one stop shopping" for all their telecommunication needs.

The Agreement is for an initial period of six (6) months and shall renew for successive six (6) month terms subject to the right of either party to terminate upon thirty (30) days written notice, or upon ten (10) days written notice in the event of the other party's material breach of any provision of the Agreement.

THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that the above described Agreement between Centel-Virginia and Sprint L.P. would be in the public interest and should be approved. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, Central Telephone Company of Virginia is hereby authorized to enter into the Agreement with Sprint Communications Company L.P. whereby Centel-Virginia will act as a sales agent for Sprint L.P. and sell Sprint L.P. services under the terms and conditions described herein;

2) That should any terms and conditions of the Agreement change from those described herein, Commission approval shall be required for such changes;

3) That the authority granted shall have no ratemaking implications;

4) That the authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

5) That 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, pursuant to § 56-79 of the Code of Virginia;

6) That Applicant shall file a report with the Directors of the Public Utility Accounting Division and the Communications Division of the Commission on an annual basis, such report to include, by month, a summation of jurisdictional costs associated with the marketing of Sprint L.P. services, and a summation, broken down between residential and small business customers, of compensation received from Sprint L.P.;

7) That such report shall be filed with the Directors of the Public Utility Accounting Division and the Communications Division by no later than May 1 of each year, for the preceding calendar year, the first of such reports due on or before May 1, 1998; and

8) That there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960034
JUNE 27, 1997

APPLICATION OF
COMMONWEALTH GAS SERVICES, INC.

For approval of transactions with Columbia Gas Transmission Corporation, Inc.

ORDER GRANTING APPROVAL

Commonwealth Gas Services, Inc. ("CGS," the "Company," the "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act requesting approval of certain long-term capacity and storage agreements with its affiliate, Columbia Gas Transmission Corporation, Inc. ("CTS") through the year 2014. The contracts are fifteen-year contracts staggered over three successive years. During the term of the contracts, if it desires, CGS may offer capacity for capacity release, thus offsetting the cost of the capacity to CGS. There are no penalties associated with the sale or marketing of the contracted capacity.

The proposed contracts reserve expansion capacity planned for the Columbia Transmission system. Other offers of long-term capacity reviewed were also for planned capacity expansion. All of the proffers of long-term capacity of this type included fifteen to twenty year terms in order for the offering company to secure financing for the expansion.

THE COMMISSION, upon consideration of the application and representation of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described transactions are in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Commonwealth Gas Services, Inc. is hereby granted approval of the long-term capacity and storage agreements with its affiliate, Columbia Gas Transmission Corporation, Inc., under the terms and conditions and for the purposes as described herein.

2) The approval granted herein shall in no way be deemed to include the recovery of any costs or charges for ratemaking purposes.

3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

(4) Should there be any changes in the terms and conditions of the contracts from those contained herein, Commission approval shall be required for such changes.

5) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

6) The Applicant shall continue to monitor the market for lower cost capacity and if available, it shall be the Applicant's responsibility to try to reduce costs to its customers.

7) The Applicant shall file an Annual Report of Affiliate Transactions with the Commission's Director of Public Utility Accounting by no later than April 1 of each year beginning April 1, 1998. Information to be included in the Report is as follows: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; 4) total dollar amount of each affiliate transaction; 5) component costs of each transaction where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overhead); 6) profit component of each transaction where services are provided to an affiliate; 7) comparable market value of each transaction where services are provided to an affiliate; 8) percent/dollar amount of each affiliate transaction charged to expense and/or capital accounts; 9) allocation bases/factors for allocated costs; and 10) comparative market values/documentation where services are received from an affiliate. The report shall include all agreements with affiliates regardless of amount involved and shall supersede all other affiliate reporting requirements previously ordered.

(8) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960037
JANUARY 27, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For authority to lease building space to an affiliate

ORDER GRANTING AUTHORITY

Central Telephone Company of Virginia ("Centel", "Company", "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act for authority to enter into an Lease Agreement (the "Agreement") with Sprint Communications Company L. P. ("Sprint L P", "Affiliate"), whereby Centel will lease central office floor space to Sprint.

Company states in its application that it will provide floor space at its central office building located at 417 West Main Street, Charlottesville, Virginia, in accordance with the terms and conditions as set forth in the Agreement. Sprint L P desires to lease the space to house telecommunications

equipment. Centel does not believe that the Agreement is detrimental to Virginia ratepayers and serves the public interest by making effective use of real estate. In addition, Centel states that it will obtain revenue for space which may otherwise be vacant and nonproductive.

Per the Agreement, Sprint LP will pay a monthly rental fee in the amount of $7,191.90 to Centel. Company states that the monthly rental fee is based on fully distributed cost methodology. The monthly rental fee is subject to change prior to the end of the Agreement, if in Centel's opinion, future changes in telecommunications law allow changes.

The Agreement is for an initial term of one (1)-year with month to month renewals thereafter. Either party may terminate the Agreement upon (30) days prior written notice.

THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that the above-described arrangement between Centel and Sprint LP would be in the public interest and should be approved. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, Central Telephone Company of Virginia is hereby authorized to enter into the Agreement to lease office floor space and certain other facilities to Sprint LP under the terms and conditions described herein;

2) That should any terms and conditions of the Agreement change from those described herein, Commission approval shall be required for such changes;

3) That the approvals granted herein shall have no ratemaking implications;

4) That the authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

5) That 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, pursuant to § 56-79 of the Code of Virginia;

6) That Applicant shall notify the Director of Public Utility Accounting of the Commission when a non-affiliate so desires to lease central office floor space at its central office building and is denied rental space, so stating the name of the non-affiliate and reason for denial; and

7) That there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960043
AUGUST 14, 1997

APPLICATION OF
UNITED CITIES GAS COMPANY

For an exemption under Virginia Code Section 56-77(B)

ORDER GRANTING EXEMPTION

United Cities Gas Company ("United Cities," the "Company," the "Applicant") has filed an application with the Commission requesting that the Commission exempt United Cities and its affiliated interests from the requirements of § 56-77(A) for: (1) each contract or arrangement that does not affect the Company's Virginia jurisdictional business and (2) each contract or arrangement that affects its Virginia jurisdictional business but under which United Cities pays $100,000 or less per year to its affiliated interests.

As stated in the application, United Cities believes that these exemptions are in the public interest. The Company states that contracts or arrangements that do not affect its Virginia jurisdictional business by definition will not affect Virginia ratepayers. Therefore, if such transactions were exempted, United Cities would not incur unnecessary expenses, and the Commission Staff would not be required to devote time and resources in evaluating and approving such contracts or arrangements. The Company also indicates that contracts or arrangements that affect United Cities' Virginia jurisdictional business but under which it pays $100,000 or less per year have a de minimus effect on the Company and its ratepayers. The Company represents that if an exemption were granted, then United Cities would not incur unnecessary expenses, and the Commission Staff would not need to devote resources to evaluating and approving such contracts or arrangements.

THE COMMISSION, upon consideration of the application and representations of the Applicant, and having been advised by its Staff, is of the opinion and finds that it would be in the public interest to exempt the Applicant from the requirements of § 56-77(A) for each contract or arrangement that does not affect the Company's Virginia jurisdictional business. However, concerning the Company's request to exempt it from the requirements of § 56-77(A) for each contract or arrangement that affects its Virginia jurisdictional business but under which United Cities pays $100,000 or less per year to its affiliates, as the Company has indicated in responses to Staff data requests, there are no contracts or arrangements under which United Cities pays $100,000 or less per year, and none are anticipated. The Commission, therefore, is of the opinion that this portion of the application should be denied. At such time as the Company begins entering into agreements under which it will pay $100,000 or less per year, then United Cities could then file an application for an exemption. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to Virginia Code § 56-77(B), United Cities Gas Company is hereby granted an exemption from the requirements of Virginia Code § 56-77(A) for contracts or arrangements that do not affect United Cities' Virginia jurisdictional business.

2) Pursuant to Virginia Code § 56-77(B), United Cities Gas Company is hereby denied, without prejudice as to future filings, an exemption from the requirements of Virginia Code § 56-77(A) for contracts or arrangements that affect United Cities' Virginia jurisdictional business but under which the Company pays $100,000 or less per year to its affiliates.

3) The exemption granted herein shall not preclude the Commission from exercising the provisions of Virginia Code §§ 56-78 and 56-80 hereafter.

4) The Commission reserves the authority to examine the books and records of any affiliates in connection with agreements with United Cities whether or not such affiliates are subject to Commission jurisdiction and whether or not such agreements have been specifically reviewed and approved by the Commission.

5) The Applicant shall use care in determining whether its agreements with its affiliates are likely to affect its Virginia jurisdictional business and therefore, exempted from the prior approval requirement.

6) The Applicant shall file an Annual Report of Affiliate Transactions with the Director of Public Utility Accounting by April 1 of each year, beginning April 1, 1998, on a confidential basis, for transactions for the prior calendar year. This report shall identify the affiliates involved, the nature and subject matter of each affiliated transaction, the effective date, and the amounts of money flowing to or from the utility under the transaction. Such report shall include all agreements with the CNG Affiliates regardless of the amount involved and shall supersede all other affiliate reporting requirements previously ordered.

7) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960043
SEPTEMBER 3, 1997

APPLICATION OF
UNITED CITIES GAS COMPANY

For an exemption under Virginia Code Section 56-77 B

CORRECTING ORDER

By Commission Order dated August 14, 1997, United Cities Gas Company ("United Cities," the "Company," the "Applicant") was granted an exemption from certain requirements of Virginia Code §56-77 A. Ordering paragraph (6) of that Order erroneously referenced "the CNG Affiliates." That reference should have been to "United Cities Gas Company affiliates." Accordingly,

IT IS ORDERED THAT:

1) Ordering paragraph (6) of the Commission's August 14, 1997 Order Granting Exemption shall be changed to read as follows:

> The Applicant shall file an Annual Report of Affiliate Transactions with the Director of Public Utility Accounting by April 1 of each year, beginning April 1, 1998, on a confidential basis, for transactions for the prior calendar year. This report shall identify the affiliates involved, the nature and subject matter of each affiliated transaction, the effective date, and the amounts of money flowing to or from the utility under the transaction. Such report shall include all agreements with the United Cities Gas Company affiliates regardless of the amount involved and shall supersede all other affiliate reporting requirements previously ordered.

2) All other provisions of the Commission's August 14, 1997 Order shall remain in full force and effect.

CASE NOS. PUA960044, PUA960046, and PUA960047
MARCH 28, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

For exemptions under § 56-77(B) of the Code of Virginia

PETITION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For exemption of affiliated interest filing requirements pursuant to § 56-77(B) of the Code of Virginia

PETITION OF
UNITED TELEPHONE-SOUTHEAST, INC.

For exemption of affiliated interest filing requirements pursuant to § 56-77(B) of the Code of Virginia

FINAL ORDER

By order of September 5, 1996, these matters were consolidated for hearing and a procedural schedule was established requiring publication of notice to the public, soliciting comments on the applications, and setting a hearing date of January 29, 1997. Comments were received from AT&T Communications of Virginia, Inc. ("AT&T") and the Virginia Cable Television Association ("VCTA").

On January 29, 1997, the parties[1] and the Commission Staff ("Staff") submitted a Stipulation and Proposed Agreement ("Agreement") to the Hearing Examiner, who then received the Staff's and parties' prefiled testimony, exhibits and the applications into the record without cross-examination. On March 11, 1997, the Examiner issued his Report, finding that the terms of the Agreement were reasonable and recommending the Commission enter an order adopting the Agreement. No party has filed comments or exceptions to the Report. The Report states that, pursuant to the terms of the Agreement, the applicants are to be exempted from § 56-77(A) for two years and the following procedures apply:

A. Within 60 days of entering any new affiliated interest contract having an annual value in excess of $250,000 or an amendment to an existing contract in excess of $250,000, BA-VA, Centel and United will each file a non-proprietary notice containing a brief description of the contract or amendment, the affiliates involved and estimated annual revenues or expenses related to the contract or amendment.

B. Upon review of the notice, a competitive local exchange company ("CLEC") may request a copy of the contract from the local exchange company ("LEC"). The LEC shall be under no duty to provide the requested contract, but if it chooses to do so, such production shall be subject to an agreement between the parties to protect the proprietary nature of the contract. Disclosure of the contract will be made only to attorneys representing the CLEC. In the event the LEC declines to submit the contract, the CLEC making the request may ask the Commission Staff to review the contract.

C. Upon request of Staff, the LEC is to provide a copy of the contract for Staff's review on a confidential basis. If Staff believes that the contract may impact fair local exchange competition in an unreasonable manner, the contract would be made available for review, subject to a proprietary agreement, by attorneys representing the CLEC.

D. Staff and any CLEC may still pursue other remedies, including, but not limited to, complaints filed with the Commission or any other body of competent jurisdiction. The provisions of this stipulation are not applicable to such other proceedings.

By April 1 of each year, BA-VA, Centel, and United will each file with the Commission's Division of Public Utility Accounting, on a confidential basis, an Annual Report of all affiliate transactions for the prior calendar year.

NOW THE COMMISSION, having considered the Report, the record herein, the Agreement, and the applicable statutes and rules, is of the opinion and finds that the recommendations of the Examiner are reasonable and should be adopted. However, because this is a matter of first impression under new provisions of the Code, the Commission finds additional comment is required.

Chapter 4 of Title 56 of the Code of Virginia, "Regulation of Relations With Affiliated Interests," has been largely intact for over 60 years and contains provisions that enable the Commission to perform what it views as some of its most important functions. The scope of authority over affiliate relations is very broad: the Code provides that "no contract or arrangement 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, . . . 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 its shall have been filed with and approved by the Commission."[2]

---

[1] The applicants, Bell Atlantic-Virginia, Inc., United Telephone-Southeast, Inc., and Central Telephone Company of Virginia ("Applicants"), along with AT&T and VCTA.

[2] Code of Virginia, § 56-77, (Emphasis added.).

Similarly broad is the Commission's authority to remedy violations of this provision. Section 56-78 permits the Commission to exclude the cost of any agreement it finds not to be consistent with the public interest from the rates charged by a public utility. A further provision, § 56-80 invests the Commission with "continuing supervisory control over the terms and conditions" of affiliate contracts and arrangements and reserves to the Commission the power "to revise and amend the terms and conditions thereof, if, when, and as necessary to protect and promote the public interest."

The Supreme Court of Virginia has found that a "fundamental public policy underlies the stringent standard of proof enunciated in these statutes. The legislation makes clear that the General Assembly expects the Commission to scrutinize transactions between a utility and one of its affiliates."[3] Such scrutiny has long been deemed necessary to ensure "that an affiliated company of a regulated utility does not receive unjust benefits to the detriment of the utility's customers."[4] As noted earlier, filing and prior approval requirements have been part of the Commission's regulatory oversight for decades.

The 1996 session of the General Assembly amended § 56-77 to insert the "(A)" designation before the first paragraph and to add new subsections (B) and (C). Subsection (B) permits the Commission, in its discretion, "to exempt a public service company from all or any part of the requirements imposed by subsection A" when it determines "that such an exemption is in the public interest." Likewise, the Commission may "revoke any exemptions granted under this subsection if it finds that such action is in the public interest."

The Commission has concluded that it is in the public interest, at this time, to grant the limited exemption contemplated in the Agreement. However, it is important to note that the Agreement and this order merely exempt the Applicants from meeting filing and prior approval requirements under § 56-77(A); all remaining provisions of Chapter 4 remain intact and in force. Exemption from filing and prior approval in no way connotes approval of such agreements for ratemaking purposes or ensures the recovery of the costs of any agreement in rates. The Applicants will still be required to provide proof to the Commission, pursuant to Code §§ 56-78, et seq., that any payment to any affiliate is reasonable and in the public interest before same may be recovered in rates.

Under the Agreement, the Commission will receive annual reports identifying all transactions entered into by any of the Applicants with any of their affiliates and more timely notification of transactions with a value of $250,000 or more. Nothing in the Agreement, as we interpret it, limits in any way the right of the Commission Staff to investigate any contract or arrangement for compliance with the public interest and to take appropriate action thereon and we expect and will require that the Staff continue diligently to perform that function. Also, the Commission's Rules of Practice and Procedure provide for filing of informal and formal complaints by parties affected by Commission action and the proceedings and remedies authorized in § 56-78 may be initiated by such third-party complaint. Finally, the Commission may revoke these exemptions whenever the public interest requires that action. Accordingly, IT IS ORDERED that:

(1) The findings and recommendations of the Hearing Examiner are adopted in their entirety, as set forth in this Order; and

(2) There being nothing further to come before the Commission, this matter is dismissed and the papers transferred to the file for ended causes.

[3] *Commonwealth Gas Services, Inc. v. Reynolds Metals Company, et al.*, 236 Va. 362, 367 (1988).

[4] *Roanoke Gas Company v. Commonwealth of Virginia, State Corporation Commission*, 217 Va. 850, 854 (1977), quoting BRASFIELD, "Regulation of Electric Utilities by the State Corporation Commission," 14 Wm. & Mary L. Rev. 589, 599 (1972-73).

CASE NOS. PUA960044, PUA960046, and PUA960047
APRIL 17, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

For exemptions under § 56-77(B) of the Code of Virginia

PETITION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For exemption of affiliated interest filing requirements pursuant to § 56-77(B) of the Code of Virginia

PETITION OF
UNITED TELEPHONE-SOUTHEAST, INC.

For exemption of affiliated interest filing requirements pursuant to § 56-77(B) of the Code of Virginia

ORDER DENYING RECONSIDERATION AND CLARIFYING FINAL ORDER

By Petition filed on April 14, 1997, counsel for Bell Atlantic-Virginia, Inc. ("BA-VA") requests the Commission to reconsider its final order dated March 28, 1997, and to clarify one aspect of that order with specific reference to the applicability of the two-year time period limitation referenced therein, BA-VA specifically requests clarification as to whether that limitation applies to notice-related requirements or to the granting of the exemption.

NOW THE COMMISSION, having considered BA-VA's petition and our order of March 28, 1997, is of the opinion that it is unnecessary to grant reconsideration of this matter. We will, however, clarify one specific aspect of our final order. It was our intent that the two-year limitation should apply to notice-related requirements[1] rather than to the granting of the exemptions requested by BA-VA, Central Telephone Company of Virginia, and United Telephone Southeast, Inc. Accordingly,

[1] March 28, 1997 Final Order at pages 2, 3 (subparagraphs A through D).

IT IS ORDERED THAT BA-VA's request for reconsideration be, and hereby is, denied and that the two year limitation be applied consistent with that discussed herein.

CASE NO. PUA960049
FEBRUARY 21, 1997

APPLICATION OF
DELMARVA POWER AND LIGHT COMPANY

For approval of transactions under Chapter 4 of Title 56

ORDER EXTENDING INTERIM AUTHORITY

In a motion filed on February 21, 1997, counsel for Delmarva Power and Light Company ("Delmarva" or "the Company") requests that the Commission enter an order extending the interim authority granted in its order of December 30, 1996, in this proceeding through June 30, 1997. In that order, the Commission granted approval of certain affiliate transactions between Delmarva and a new wholly-owned subsidiary of Delmarva Capital Investments, Inc. ("DCI") through February 28, 1997. In support of its motion, the Company states that it is preparing an amendment to its application which, with supplemental informational, will describe anticipated changes in those affiliated transactions and that the requested extension will allow time for review.

NOW THE COMMISSION, having considered the matter, is of the opinion that Delmarva's motion should be granted. Accordingly,

IT IS ORDERED THAT the interim authority granted in our order of September 30, 1996, be extended from February 28, 1997, through June 30, 1997.

CASE NO. PUA960049
JUNE 27, 1997

APPLICATION OF
DELMARVA POWER AND LIGHT COMPANY

For approval of transactions under the Affiliates Act

ORDER GRANTING APPROVAL

On July 22, 1996, Delmarva Power and Light Company ("Delmarva," "Company," "Applicant) filed an application with the Commission under the Public Utilities Affiliates Act requesting approval to provide certain services to its newly formed affiliate, Service Confidence, Inc. ("Newco"). By Interim Order dated September 30, 1997, the Commission granted interim approval of the transactions through February 28, 1997, and vacated the Protective Order issued herein on July 30, 1996. Pursuant to the Commission's July 30, 1996 Order, all documents filed under the Protective Order dated July 30, 1996, were to be placed in the Commission's public files. The interim approval was subsequently extended by Commission Order through June 30, 1997. On June 17, 1997, Delmarva filed a Supplement to Application which provided nine separate new or modified transactions subject to Commission approval.

As stated in its application, Delmarva Capital Investments, Inc., a wholly-owned subsidiary of Delmarva, has a number of subsidiaries directly or indirectly owned. These subsidiaries own airplane leveraged leases, own limited partnership interests in other energy projects, operate and own interests in a wood-fired power plant, oversee the operation of a power plant that serves the Star Enterprise refinery in Delaware City, Delaware, own and operate landfill and waste-hauling businesses in Pennsylvania, and develop and manage real estate projects.

In its application, Delmarva further states that a newly formed subsidiary wholly owned by Delmarva Capital Investments, Inc. ("DCI") and an indirect subsidiary of Delmarva ("Newco") will acquire the stock or assets of several businesses. Following the acquisitions, the acquired businesses will be combined with Newco but continue to operate initially with minimal changes in their current activities. None of the businesses to be acquired currently engages in any business anywhere within the Commonwealth of Virginia. Company states that there are no current plans for Newco to provide products or services anywhere within the Commonwealth. Delmarva states that Newco will hold no Delmarva securities and will exercise no control over Company.

Delmarva requests approval to provide the following services to Newco: Marketing, Telephone Personnel and Information Technology Systems, Field Personnel, Oversight, and Other Services. Delmarva states that its Marketing Department will conduct market research, develop marketing plans, and design promotional materials and sales incentives for Newco's products and services. Some or all of the telemarketing activities for Newco may be performed by Delmarva personnel. If Delmarva telephone personnel receive calls for Newco products and services, personnel will accept requests for such products or services, answer questions, and direct orders for such products or services to Newco's dispatch center. On occasion, telephone calls may be transferred to Newco. Newco may use Delmarva's existing telecommunications network, billing systems, databases, and computer programs. In addition, Newco may include amounts due for its products and services in Delmarva's energy bill. Delmarva may use field personnel to perform work for Newco's customers. The day-to-day business and operations of Newco will be supervised entirely by Newco and DCI management with oversight provided by Delmarva. Company states that other services such as accounting and finance, environmental, legal, fleet maintenance, public relations, purchasing, storage, and real estate services may also be provided to Newco.

Delmarva indicates in its application that it will track and directly assign costs to the transactions on a fully-allocated basis, thereby preventing any cross-subsidization of the activities of Newco by Delmarva's Virginia ratepayers. Records of such cost assignments would be available for audit in any rate proceeding.

As stated in the application, the initial capital required to fund Newco's business acquisitions will come from DCI, not Delmarva. Newco will finance its own activities with some occasional contributions from DCI. Delmarva represents that it will not make, extend, or renew any loan of money to Newco or assume any obligation or liability of Newco, whether as guarantor, endorser, surety, or otherwise.

THE COMMISSION, upon consideration of the application and representation of Applicant and having been advised by its Staff, is of the opinion and finds that the above-described transactions are in the public interest and should be approved. As such, the interim approval previously granted shall be made permanent. However, due to the nature of the new or modified transactions filed on June 17, 1997, subject to Commission approval, those transactions should be dealt with separately. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Delmarva is granted permanent approval of the affiliate transactions described herein to provide certain services to Newco under the terms and conditions and for the purposes described herein.

2) Should any terms and conditions under which such services will be provided or should there be a change in services provided by Delmarva to Newco, Commission approval shall be required for such changes.

3) Applicant shall file a separate application for Commission approval of the new or modified transactions contained in its June 17, 1997 Supplement to Application.

4) The approval granted herein shall have no ratemaking implications.

5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

7) The Applicant shall file an Annual Report of Affiliate Transactions with the Commission's Director of Public Utility Accounting by April 1 of each year, the first report to be filed by April 1, 1998, for the preceding calendar year. Information to be included in the Report is as follows: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; 4) total dollar amount of each affiliate transaction; 5) component costs of each transaction where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overhead); 6) profit component of each transaction where services are provided to an affiliate; 7) comparable market value of each transaction where services are provided to an affiliate; 8) percent/dollar amount of each affiliate transaction charged to expense and/or capital accounts; 9) allocation bases/factors for allocated costs; and 10) comparative market values/documentation where services are received from an affiliate. The report shall include all agreements with affiliates regardless of amount involved and shall supersede all other affiliate reporting requirements previously ordered.

8) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO PUA960053
APRIL 23, 1997

JOINT APPLICATION OF
GTE SOUTH INCORPORATED AND
GTE INTELLIGENT NETWORK SERVICES INCORPORATED

For approval of an affiliate agreement

ORDER GRANTING APPROVAL

GTE South Incorporated and GTE Intelligent Network Services Incorporated (GTEINS) filed an application on August 13, 1996, under the provisions of the Public Utilities Affiliates, for retroactive approval of an affiliate agreement, referred to as the Internet Access Service Agreement, with an effective date of July 1, 1996, for an initial period of one year unless terminated or modified.

It is anticipated that GTEINS will become the provider of Internet access to the GTE Telephone Operating Companies, including GTE South, Inc.

Intelligent Network Services Incorporated (GTEINS) was established in 1992 as a fully owned subsidiary of GTE Corporation. It provides nationwide Internet access services and Signaling System 7(SS7) services. GTEINS had total annual revenue in 1996 of approximately $10 million dollars, with $8.7 million from SS7 service sales and $1.4 million from Internet service sales. As of September, 1996, the Company had 125 employees.

GTEINS began offering Internet access service options in November, 1995, with the goal of becoming a national Internet access provider. The Company has approximately 54,000 Internet customers in 250 cities in 47 states.

GTEINS purchases most of its internet infrastructure from UUNET Technologies, Inc., a private non-affiliated corporation. UUNET provides GTEINS with extensive dial-up and dedicated network and Internet backbone facilities. GTEINS has its own Internet access facilities in the Dallas/Fort Worth Metroplex, Texas; Tampa, Florida; St. Paul, Minnesota; and Hawaii.

GTE South and other GTE affiliates are customers of GTEINS in the same fashion as GTEINS's existing 50,000 internet customers, but that charges received from GTEINS will always be as favorable as the charges made to other customers by GTEINS. Under current GTEINS's rates to non-affiliates, dial-up internet access is charged at $19.95 per month for unlimited free access, or $8.95 per month, that includes five hours of free access and with any additional use billed at $1.95 per hour. ISDN users are charged a one-time setup fee of $40, with a flat monthly fee of $39.95 for unlimited internet access.

Under the proposed Agreement, Article III - Payment, charges to GTE affiliates, including GTE South, Inc., are to be based on "the cost on a fully allocated basis....(and) shall cover all the costs of providing each service, including all overhead expenses, plus a return on investment...." Further, the agreement represents "that charges for the Service (to GTE affiliates) are and will at all times, be no less favorable to Customer than those offered by GTEINS to any other similarly situated customer of GTEINS."

THE COMMISSION, upon consideration of the application and representation of Applicant and having been advised by its Staff, is of the opinion that approval of the Affiliate Agreement through June 30, 1997, would be in the public interest and should be approved on a retroactive basis.

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, Applicants are hereby granted approval of the Agreement retroactive to July 1, 1996, under the terms and conditions as described herein;

2) That the Applicant shall modify the Agreement, Acticle III, to include the following sentence, "That the price charged to GTE South, Inc. shall be the lessor of cost or market price."

3) That should any terms and conditions of the Agreement change from those described herein, Commission approval shall be required for such changes;

4) That the Applicant shall file an application for the approval of an extension to the Agreement within thirty (30) days after the date of this Order;

5) That the approval granted herein shall in no way be deemed to include approval of recovery of any charges or costs for ratemaking purposes;

6) That the Applicant, each year, shall incorporate affiliate information related to this Agreement in the Annual Affiliated Transaction Report, to be filed under the terms and conditions as set forth in the ordering pargraphs (9) and (10) of the Order Granting Approval in PUA960030;

7) That the approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

8) That the Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission, pursuant to § 56-79 of the Code of Virginia; and

9) That this matter shall be continued generally, subject to the continuing review, audit, and appropriate directive of this Commission.

CASE NO PUA960053
JULY 21, 1997

JOINT APPLICATION OF
GTE SOUTH INCORPORATED AND
GTE INTELLIGENT NETWORK SERVICES INCORPORATED

For approval to amend an affiliate agreement

ORDER GRANTING APPROVAL

GTE South Incorporated and GTE Intelligent Network Services Incorporated (GTEINS) filed an application on May 23, 1997, under the provisions of the Public Utilities Affiliates, for approval of an amendment to an affiliate agreement, referred to as the Internet Access Service Agreement, as approved by Commission order dated April 23, 1997.

Under the Amendment, the following sentence is added to Article III of the Agreement, "The price charged to GTE South Incorporated shall be the lesser of cost or market."

THE COMMISSION, upon consideration of the application and representation of Applicant and having been advised by its Staff, is of the opinion that approval of the Amendment to the Affiliate Agreement would be in the public interest and should be approved.

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, Applicants are hereby granted approval of the Amendment to the Agreement, under the terms and conditions as described herein;

2) That should any terms and conditions of the Agreement change from those described herein, Commission approval shall be required for such changes;

3) That the approval granted herein shall in no way be deemed to include approval of recovery of any charges or costs for ratemaking purposes;

4) That there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960054
FEBRUARY 19, 1997

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval to amend Schedule "A" to an existing service agreement with an affiliate

ORDER GRANTING AUTHORITY

Appalachian Power Company ("Appalachian", "Company", "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act for authority to amend Schedule A ("Proposed Amendment") to the Existing Service Agreement with American Electric Power Service Corporation ("Service Corporation"), both of which are wholly owned subsidiaries of American Electric Power Company, Inc. ("American"), a holding company registered under the Public Utility Holding Company Act of 1935 (the "1935 Act").

Appalachian states in the application that this Commission approved in an Order entered on May 13, 1980, in Case No. PUA800020, a service agreement including Schedule A thereto (the "Existing Service Agreement") which was dated January 1, 1980, between the Company and the Service Corporation. The Service Corporation currently provides services under the Service Agreements (such agreements together with the Existing Service Agreement collectively, the "Service Agreements") to American, eight electric utility companies (AEP Generating Company, APCo, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company and Wheeling Power Company) collectively, the "Electric Utility Companies", and various active and inactive non-utility companies, including coal subsidiaries of certain Electric Utility Companies, AEP Energy Services, Inc., AEP Resources, Inc., AEP Resources International, Limited and AEP Investments, Inc.

Appalachian also states in the application that, in order to better position American and its subsidiaries for increasing competition among electric suppliers, the Service Corporation and Electric Utility Companies began to realign their organizations to create distinct power generation and energy transmission and distribution groups on January 1, 1996. The realignment establishes four (4) functional business units: Power Generation; Energy Transmission and Distribution; Nuclear Generation; and Corporate Development. The business units and support services are functional organizations placed over existing corporate structures. As a result of the realignment, no new entities will be formed and no assets will be transferred. Also, as a result of the realignment, the Company expects the Service Corporation and Electric Utility Companies to provide improved services more efficiently.

Accordingly, Appalachian states that, as a result of the realignment of the Service Corporation and the Electric Utility Companies, numerous changes to Schedule A are required. The Proposed Amendment will revise the structure of the groups set forth in the Schedule as well as the allocation ratios employed to bill costs to the Electric Utility Companies. Also, with the centralization of management of the Electric Utility Companies, the review and approval of new work orders and monthly billings will change. Appalachian also proposes that Schedule A be amended to allow costs accumulated on a job or project work order performed for two or more companies to be allocated among the companies, in addition to the ratios used for functional work orders, on specific ratios as identified in the application, where appropriate.

The Existing Service Agreement may be terminated upon not less than one year's written notice by either the Company or the Service Corporation. The Service Agreement may be terminated without notice if performance under the Service Agreement conflicts with (i) any rule, regulation or order of the Securities and Exchange Commission issued pursuant to the provisions of the 1935 Act, or (ii) any rule, regulation or order of any state commission or other state body having jurisdiction.

THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that the above described Proposed Amendment to the Existing Service Agreement between Appalachian and the Service Corporation would be in the public interest and should be approved. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, Appalachian Power Company is hereby authorized to amend Schedule A to the Existing Service Agreement with American Electric Power Service Corporation under the terms and conditions described herein;

2) That should any terms and conditions of the Service Agreement and/or Schedule A change from those described herein, Commission approval shall be required for such changes;

3) That the authority granted herein shall have no ratemaking implications;

4) That the authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

5) That 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, pursuant to § 56-79 of the Code of Virginia;

6) That Applicant shall file an affiliated transaction report with the Director of Public Utility Accounting of the Commission on an annual basis, such report to include, by month the following: 1) a description of transactions provided by the Service Corporation, and 2) component costs of each transaction (i.e., labor (direct/indirect), fringe benefits, materials, supplies, overheads, etc.);

7) That such report shall be filed with the Director of Public Utility Accounting by no later than May 1 of each year, for the preceding calendar year, the first of such reports due on or before August 29, 1997, for the calendar year 1996; and

8) That there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960056
JANUARY 8, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For authority to lease building space to an affiliate

ORDER GRANTING AUTHORITY

Central Telephone Company of Virginia ("Central", "Company", "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act for authority to enter into an Lease Agreement (the "Agreement") with Sprint United Management Company, University of Excellence Division ("Sprint", "Affiliate"), whereby Central will lease office space to Sprint.

Company states in its application that it will provide office space at its central office building located at 2211 Hydraulic Road, Charlottesville, Virginia, in accordance with the terms and conditions as set forth in the Agreement. Sprint provides technical, managerial, and clerical training services to Central personnel and desires to use the space for on-site training. The parties believe that the Agreement will operate to their mutual benefit and will not interfere with Central's services to the public.

Per the Agreement, Sprint will pay a monthly rental fee in the amount of $5,115.51 to Central. Company states that the monthly rental fee is based on fully distributed cost methodology and will be subject to annual review at the end of each calendar year. Any adjustments will be in accord with all applicable FCC Orders and Rules pertaining to Local Exchange Carrier affiliate transaction pricing.

In addition to providing office space, the Agreement specifies that Central will install certain telephone equipment for Sprint's use in providing training at a monthly rental fee in the amount of $389.61. The Company states the monthly Equipment Rental Fee is based on fully distributed cost methodology and separate and apart from the monthly lease rental fee.

The Agreement is for an initial term of one (1)-year with automatic renewal for up to five (5) successive one-year terms. Either party may terminate the Agreement upon written notice of at least thirty (30) days prior to the expiration of the then-current term. In addition, the Company has the right to terminate the lease upon 90 days written notice if the leased space is needed for reasons other than training and educational services.

THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that the above-described arrangement between Central and Sprint would be in the public interest and should be approved. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, Central Telephone Company of Virginia is hereby authorized to enter into the Agreement to lease office space and certain telephone equipment to Sprint United Management Company, University of Excellence Division, under the terms and conditions described herein;

2) That should any terms and conditions of the Agreement change from those described herein, Commission approval shall be required for such changes;

3) That the approvals granted herein shall have no ratemaking implications;

4) That the authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

5) That 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, pursuant to § 56-79 of the Code of Virginia; and

6) That there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960060
SEPTEMBER 8, 1997

APPLICATION OF
UNITED TELEPHONE SOUTHEAST, INC. AND
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval of a Master Lease Agreement with Sprint Spectrum, L. P.

DISMISSAL ORDER

On September 23, 1996, United Telephone Southeast, Inc. ("United") and Central Telephone Company of Virginia ("Centel-Virginia"), (collectively referred to as the "Applicants") filed an application with the Commission under the Public Utilities Affiliates Act requesting authority to enter into a Master Lease Agreement ("Agreement") dated September 16, 1996, with Sprint Spectrum L. P. ("Spectrum"), by which Spectrum would lease space from United, Centel-Virginia, and other Sprint local exchange telephone companies (collectively referred to as "Sprint-Mid Atlantic", the "Companies"). Pursuant to the agreement, Sprint-Mid Atlantic would lease space to Spectrum for the purpose of constructing Spectrum's telecommunications network and locating unmanned radio telecommunications equipment such as antennas, microwave dishes and related equipment and support structures.

By letter dated August 27,1997, along with responses to Staff inquiries, United and Centel-Virginia requested permission to withdraw their application. To support their request, the Applicants state that no business is being conducted under the agreement and none is anticipated in the near future. The Applicants also state in their letter that, to date, the Companies have received no requests for leased space. Additionally, the Applicants advise, in their letter, that should they enter into a lease arrangement with Spectrum, details of the agreement will be included in the Annual Report required by Commission Order dated March 28, 1997, in combined Case Nos. PUA960044, PUA960046, and PUA960047.

THE COMMISSION, upon consideration of the Applicants' request and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the Applicants' request for withdrawal of their application filed on September 23, 1996, should be granted and the case dismissed. On consideration whereby,

IT IS ORDERED THAT:

1) United's and Centel-Virginia's request to withdraw their application filed on September 23, 1996, by letter dated August 27, 1997, be and hereby is granted.

2) There appearing nothing further to be done in this matter, it is hereby dismissed.

CASE NO. PUA960061
MARCH 6, 1997

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval to enter into new service agreements with certain direct and indirect subsidiaries of American Electric Power Company, Inc.

ORDER GRANTING AUTHORITY

Appalachian Power Company ("Appalachian", "Company", "Applicant"), a wholly owned subsidiary of American Electric Power Company, Inc. ("AEP", "American"), a holding company registered under the Public Utility Holding Company Act of 1935 (the "1935 Act"), has filed an application with the Commission under the Public Utilities Affiliates Act for authority to enter into service agreements (the "New Service Agreements") with certain direct or indirect subsidiaries to be formed by AEP ("New Energy Services Subsidiaries").

The Company states in the application that this Commission approved in an Order entered on August 26, 1983, in Case No. PUA830046, a Service Agreement (the "AEPES Service Agreement") between the Company and AEP Energy Services, Inc. (AEPES), also a wholly-owned subsidiary of American. The Service Agreement allows the Company to provide personnel and resources, if available, to AEPES. AEPES was organized by American in 1982 in accordance with the authorization of the Securities and Exchange Commission ("SEC") under the 1935 Act to sell management, technical, operating and training expertise in the open, competitive market to non-affiliated persons. In April 1995 the SEC also authorized AEPES to provide project development, construction, fuel management, energy management and demand-side management services.

The Company also states in the application that, the SEC has authorized AEP to form one or more direct or indirect New Energy Services Subsidiaries to broker and market electric power, natural and manufactured gas, emission allowances, coal, oil, refined petroleum and natural gas liquids ("Energy Commodities") in the open market on a profitable basis. At present the services will be limited to wholesale customers however, eventually the New Energy Services Subsidiaries will sell Energy Commodities to retail customers. The SEC reserved jurisdiction over retail sales of gas and electricity, pending implementation by the relevant States of plans or programs permitting such actions. American expects that the New Energy Services Subsidiaries will, in much the same manner as AEPES, use personnel and other existing resources, to the extent available, of other AEP affiliated companies, including Appalachian, pursuant to service agreements with terms and conditions similar to those of the AEPES Service Agreement.

Accordingly, Appalachian seeks authorization to enter into New Service Agreements with the New Energy Services Subsidiaries. Under the proposed New Service Agreement, Appalachian will be under no obligation to make personnel or other resources available to any New Energy Services Subsidiary. The determination of whether such personnel or other resources are available will be entirely within the discretion of Appalachian. In addition, Appalachian will not be exposed to any risk of financial loss in the event a New Energy Services Subsidiary is unable to perform contracts with non-affiliates on a profitable basis. Also, Appalachian will not extend credit to any New Energy Services Subsidiary.

As stated in the New Service Agreement, Appalachian will bill the New Energy Services Subsidiaries on a monthly basis for all direct costs, including an allocable portion of all payroll overheads (i.e., insurance, vacation, sick leave, pension costs, etc.), and a portion of indirect overhead costs. The income received by Appalachian in connection with the performance of service under the New Service Agreements will be credited to Appalachian's cost-of-service revenue requirements.

The New Service Agreement does not provide any expiration date. However, Article VI provides that said Agreement may not be modified or amended except in a writing executed by the parties thereto.

With the current mood and thinking towards eventual deregulation of the electric utility industry, the need to ensure that the consumer does not subsidize a non-regulated utility affiliate is of utmost importance. Customer subsidization can be a two way avenue in that it can flow from the regulated affiliate to the non-regulated affiliate or vice versa. Therefore, this Commission reserves the right to adjust revenues and/or costs accordingly in any rate proceeding.

THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that the above described Proposed New Service Agreement between Appalachian and the New Energy Services Subsidiaries would be in the public interest and should be approved. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, Appalachian Power Company is hereby authorized to enter into New Service Agreements with the New Energy Services Subsidiaries under the terms and conditions described herein;

2) That should any terms and conditions of the New Service Agreement change from those described herein, Commission approval shall be required for such changes;

3) That the authority granted herein shall have no ratemaking implications;

4) That the authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

5) That 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, pursuant to § 56-79 of the Code of Virginia;

6) That Applicant shall file an affiliated transaction report with the Director of Public Utility Accounting of the Commission on an annual basis, such report to include, by month the following information on each transaction with a New Energy Service Subsidiary: 1) a description of the type of services provided, 2) number of personnel providing service, 3) categorical component costs of each transaction (i.e., direct/indirect labor, fringe benefits, materials , supplies, overheads; depreciation; taxes; interest expense; equity cost; etc.), 4) allocation basis/factors for allocated costs, 5) Intellectual Property revenue, 6) comparative market value of such transactions, and 7) a narrative description of the New Energy Service Subsidiary business activity for which services were provided;

7) That such report shall be filed with the Director of Public Utility Accounting by no later than May 1 of each year, for the preceding calendar year, the first of such reports due on or before May 1, 1998; and

8) That there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960063
MARCH 6, 1997

APPLICATION OF
COMMONWEALTH GAS SERVICES, INC.

For approval of short-term firm storage service agreement

ORDER GRANTING APPROVAL

Commonwealth Gas Services, Inc. ("Commonwealth," the "Company," the "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act requesting approval of an agreement with Columbia Gas Transmission Corporation ("Columbia Transmission," the "Affiliate") under which Columbia Transmission would provide short-term firm gas storage service to Commonwealth. The Company requests approval to be effective as of April 25, 1996, the effective date of the agreement.

In its application, Commonwealth specifically requests approval of Service Agreement No. 51444, dated as of April 25, 1996, under which Columbia Transmission has agreed to provide additional firm storage service to Commonwealth under Columbia Transmission's Federal Energy Regulatory Commission ("FERC")-approved Firm Storage Service Rate Schedule FSS for the period April 25, 1996, through March 30, 1997, as amended April 30, 1996, to provide for certain discounted rates (as amended, the "Agreement"). As stated in the application, Commonwealth entered into the Agreement in order to take advantage of a brief window of opportunity to obtain additional short-term firm storage capacity for the 1996-97 winter.

Commonwealth projects a need for additional firm gas supply during the 1996-97 winter season in the event of colder than normal weather conditions. Under colder than normal conditions, there would be a 2,325 Mdth deficiency in firm service. Columbia Transmission offered an amount of additional FSS capacity during an open season auction in March 1996. Commonwealth did not bid in this auction. In April 1996, Columbia Transmission

held another open season auction, using sealed bids, for the remaining Storage Contract Quantity ("SCQ") not subscribed as a result of the initial auction. Commonwealth submitted a successful bid of $.3201 per Dth for 1,500 Mdth of SCQ in this auction. Commonwealth's bid represented a substantial discount compared to the maximum tariff rates for such capacity under the Affiliate's FSS Rate Schedule. The Agreement was executed electronically immediately upon acceptance of Commonwealth's bid. The effective discounted rates were added five days later by an amendment dated April 30, 1996.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described Agreement is in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Commonwealth Gas Services, Inc. is hereby granted approval of the Agreement with Columbia Gas Transmission Corporation for the provision of short-term firm storage service to Commonwealth under the terms and conditions and for the purposes as described herein.

2) Such approval shall be effective as of April 25, 1996, through March 31, 1997.

3) The approval granted herein shall not in any way be deemed to include the recovery of any costs or charges in connection with the Agreement for ratemaking purposes.

4) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

5) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

6) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960064
MARCH 6, 1997

APPLICATION OF
SHENANDOAH TELEPHONE COMPANY

For approval of the one-time sale of stock to Shenandoah Telecommunications Company

ORDER GRANTING APPROVAL

Shenandoah Telephone Company ("Shenandoah," the "Company", the "Applicant") filed an application with the Commission under the Public Utilities Affiliates Act on October 3, 1996. By letter dated February 12, 1997, the Company provided an amendment to the previously filed application. In its application and amendment, the Company requests approval to sell to Shenandoah Telecommunications Company ("Shencom," the "Affiliate") stock held in a non-affiliated third-party. The Company states in its application that as of September 30, 1995, Shenandoah owned two Class A shares and 14,551 Class B shares of stock, for a total investment of $38,492.75, in U.S. Intelco Holding, Incorporated ("U.S. Intelco"). U.S. Intelco offers calling card, line information, data base look up, and similar services to independent telephone companies. It also participates, through its wholly-owned subsidiary, Intelco Wireless, in the holding for Personal Communications Services ("PCS"), licenses and the construction and operation of such system. As of September 30, 1995, Shencom had an investment of $782,125 in Independent Telecommunications Network ("ITN"). ITN provides Signaling System 7 ("SS7") to telecommunications providers, including local exchange carriers and wireless providers.

The Company further states in its application that on February 12, 1996, the shareholders of ITN and U.S. Intelco approved and adopted the merger of ITN with U.S. Intelco into USTN Services, Inc. ("USTN"), a wholly-owned subsidiary of USTN Holdings, Inc. Shenandoah and Shencom will each receive prorated ownership in USTN based on their September 30, 1995 investment in the pre-merger companies.

As indicated by the Company, following the merger, Shenandoah will have an investment in an operation with significant activities outside of the local exchange carrier environment, particularly in Personal Communications Services. Shencom generally makes investments in companies whose activities are principally outside the local exchange carrier environment. Shenandoah and Shencom would like to consolidate their investments in USTN into one investment by Shencom.

Shenandoah proposes to sell its shares to Shencom at a price equal to the average settlement price agreed to by dissenting stockholders of U.S. Intelco. The average settlement price was $10,054.17 per Class A share and $7.94 per Class B share. This represents a value of $20,108.34 for the two Class A shares and $115,534.94 for the 14,551 Class B shares. The total value of $135,643.28 to be received represents a multiple of 3.52 over the Company's original investment.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described transaction is in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Shenandoah Telephone Company is hereby granted approval to sell its interest in USTN Holdings, Inc. to Shencom at the average settlement price as described herein for a total price of $135,643.28.

2) The approval granted herein shall have no ratemaking implications.

3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

4) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

5) On or before April 30, 1997, the Applicant shall file a report of the action taken pursuant to the approval granted herein, such report to include the date the approved transaction occurred, the total price received by Shenandoah for the shares of stock sold, and the accounting entries to reflect the transaction.

6) This matter shall be continued generally subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUA960065
APRIL 11, 1997

APPLICATION OF
THE POTOMAC EDISON COMPANY, dba ALLEGHENY POWER

For approval of service agreements among affiliates

ORDER GRANTING AUTHORITY

The Potomac Edison Company, dba Allegheny Power ("Petitioner", "Company", Applicant"), has filed an application with the Commission under the Public Utilities Affiliates Act for authority to (1) amend the existing Service Agreement with Allegheny Power Service Corporation ("APSC") and (2) to enter into a new Service Agreement with Monongahela Power Company, dba Allegheny ("Mon Power") and West Penn Power Company, dba Allegheny ("West Penn"). Together, Petitioner, APSC, Mon Power and West Penn (the "APS Operating Companies") are operated as an integrated public utility holding company system under the Public Utility Holding Company Act of 1935 ("the "1935 Act"). The APS Operating Companies are also wholly-owned subsidiaries of Allegheny Power System, Inc. (APS).

The Company states in its application that this Commission approved in an Order entered on February 24, 1995, in Case No. PUA940014, a Service Agreement, dated November 3, 1993, between the Company and APSC. The Service Agreement allows APSC to provide certain services to the Company and the other APS Operating Companies. APSC was created to meet regulatory standards under the Securities and Exchange Commission ("SEC") 1935 Act and provides a cost-effective vehicle for APS companies to maximize the economy available from operating an integrated electric system. APSC provides certain centralized engineering, financial and administrative services to the APS Operating Companies. In addition, the APS Operating Companies perform certain operating service functions for each other pursuant to this Commission's approval in Orders entered on March 8, 1996, in Case No. PUA950029 and May 24, 1996, in Case No. PUA950029.

As described in the application, APS announced in 1995 its intention to undertake a restructuring designed to consolidate and reengineer its operations in an effort to further control costs, operate more efficiently, and prepare for the anticipated increase in retail and wholesale competition among suppliers of electricity, resulting from passage of the Energy Policy Act of 1992. Around January 1, 1996, APSC began to realign its organization to create distinct power generation and energy transmission and distribution groups. Also, as of July 1, 1996, the APS Operating Companies restructured, including the reengineering of processes and the consolidation of functions with services already provided by APSC. In addition, the APS Operating Companies began doing business under the trade name "Allegheny Power" as of September 1, 1996. However, they have not changed their legal corporate names, nor altered in any manner the ownership of capital assets.

The Company states that the restructuring in APSC involves the consolidating of certain functions which were either performed separately by employees of each of the APS Operating Companies or by employees of the APS Operating Companies along with employees of APSC. The result is that APSC will provide new and expanded services to the Petitioner and the other APS Operating Companies. To properly define the broadened scope of services to be provided by APSC to the Petitioner and its operating affiliates, it is necessary to amend the previously approved November 3, 1993 Service Agreement. The services to be provided by APSC to the Petitioner or its operating affiliates will be billed at cost without a return component in accordance with the 1935 Act. Also, APSC's current method of allocations will be maintained.

The Company also states that another effect of the restructuring is to combine certain services which were previously performed separately by each of the APS Operating Companies. As a result, items such as materials and supplies, meter test activities, rubber goods repair and testing, office services and mail payments are being consolidated and will be performed by one operating company for the benefit of the others. This requires a service agreement among the APS Operating Companies to define a working relationship and provide for appropriate cost sharing and billing. The APS Operating Companies performing work for an affiliated operating company will accumulate the actual costs incurred in providing authorized services through the use of specific, identifiable work order numbers or FERC accounts and will bill the receiving company based on the amounts accumulated.

Accordingly, the Company believes that the terms and conditions of the amendment to the previously approved November 3, 1993 Service Agreement, and the new Service Agreement among the APS Operating Companies are fair and reasonable, will not grant an undue advantage to any party to the transactions and that approval of these agreements is in the best interest of Virginia customers. The Company further states that the purpose of the Amendment and new Service Agreement is to eliminate redundancy in services, take advantage of economies of scale and to create new and more efficient methods for performing work.

The amendment to the November 3, 1993 Service Agreement is of indefinite duration and may be terminated by either party upon sixty (60) days' prior notice. In addition, Petitioner may terminate the Service Agreement at any time with or without notice for any cause deemed by it to be sufficient.

Likewise, the new Service Agreement among the APS Operating Companies is of indefinite duration and may be terminated by any party upon sixty (60) days' prior notice. In addition, any company to the new Service Agreement may terminate its participation in the agreement at any time with or without notice for any cause deemed by it to be sufficient.

THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that the above described amendment to the previously approved November 3, 1993 Service Agreement, and the new Service Agreement among the APS Operating Companies would be in the public interest and should be approved. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, the Potomac Edison Company is hereby authorized to enter into the amendment to the November 3, 1993 Service Agreement under the terms and conditions described herein;

2) That, pursuant to § 56-77 of the Code of Virginia, the Potomac Edison Company is hereby authorized to enter into the new Service Agreement with Monongahela Power Company and West Penn Power Company under the terms and conditions described herein;

3) That should any terms and conditions of the amendment to the November 3, 1993 Service Agreement or new Service Agreement with Monongahela Power Company and West Penn Power Company change from those described herein, Commission approval shall be required for such changes;

4) That the authority granted herein shall have no ratemaking implications;

5) That the authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

6) That 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, pursuant to § 56-79 of the Code of Virginia;

7) That Applicant shall file an Affiliated Transaction Report with the Director of Public Utility Accounting of the Commission on an annual basis, such report to include, by month the following information on each affiliate transaction: 1) affiliate's name; 2) description of the services provided; 3) total dollar amount of transaction to or from affiliate; 4) categorical component costs of each transaction (i.e., direct/indirect labor, fringe benefits, materials , supplies, overheads, depreciation, taxes, interest expense, equity cost, etc.); 5) allocation basis/factors for allocated costs; and 6) comparative market values of such transactions;

8) That such report shall be filed with the Director of Public Utility Accounting by no later than May 1 of each year for the preceding calendar year, the first of such reports due on or before May 1, 1998;

9) That such report shall include all agreements with affiliates regardless of the amount involved and shall supersede all other affiliate reporting requirements previously ordered, and

10) That there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960066
APRIL 17, 1997

JOINT APPLICATION OF
APPALACHIAN POWER COMPANY
and
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For authority to transfer utility assets

ORDER GRANTING AUTHORITY

Appalachian Power Company ("Appalachian," "Company") and Central Virginia Electric Cooperative ("CVEC"), collectively referred to as "Applicants", filed an application with the Commission under the Utility Transfer Act requesting authority to transfer from CVEC to Appalachian a 7.75-mile 138kV transmission line (the "Stonewall-Concord Line") and associated rights-of-way at cost.

On March 31, 1994, CVEC filed an application for a certificate of public convenience and necessity (the "Application") authorizing the construction and operation of the Stonewall-Concord Line which connected a new substation constructed by CVEC in the Stonewall area of Appomattox County (the "Stonewall Station") with Appalachian's B&W-Sherwill 69 kV transmission line near Concord in Campbell, Virginia. In its Application, CVEC indicated that the Stonewall-Concord Line and the Stonewall Station are necessary to meet the increasing electrical demand of CVEC's customers in the Stonewall area of Appomattox County and to improve service quality for CVEC's members/consumers located there. CVEC also stated that, when construction of the Stonewall-Concord Line was complete, it intended to transfer ownership of the line and related rights-of-way to Appalachian, which would then maintain and operate the line. On December 30, 1994, the Commission entered its Final Order approving the Application in Case No. PUE940022.

As stated in this application, CVEC completed construction of the line at year-end 1995. The line was placed in service on February 29, 1996. The cost to CVEC of acquiring and constructing the line and associated rights-of-way was $1,856,243.50.

The Applicants state that their respective customers will benefit from the transaction. CVEC and its customers benefit from the increased capacity to meet growth in demand in CVEC's service areas as well as the increased reliability associated with the additional delivery point at the Stonewall Station. Appalachian and its customers benefit from the extension of Appalachian's transmission system to CVEC's Stonewall Station as it will provide a significant element towards the future enhancement of the transmission system on a least cost and least environmental impact basis.

THE COMMISSION, upon consideration of the application and representations of Applicants and having been advised by its Staff, is of the opinion and finds that the above-described transfer of utility assets would neither impair nor jeopardize adequate service to the public at just and reasonable rates and should be approved. Accordingly,

IT IS ORDERED:

1) That, pursuant to §§ 56-89 and 56-90 of the Code of Virginia, Central Virginia Electric Cooperative is hereby authorized to transfer to, and Appalachian Power Company is authorized to purchase from, Central Virginia Electric Cooperative the utility assets as described herein at cost;

2) That, on or before June 30, 1997, Applicants shall file a report of action taken, such report to include the date of transfer, original cost, net book value, and the accounting entries reflecting the transaction; and

3) That this matter shall be continued generally subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUA960066
JULY 31, 1997

JOINT APPLICATION OF
APPALACHIAN POWER COMPANY
and
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For authority to transfer utility assets

AMENDING ORDER

In a motion filed on July 18, 1997, counsel for Appalachian Power Company ("Appalachian") and counsel for Central Virginia Electric Cooperative ("CVEC") (collectively, "Applicants") request amendment and clarification of the Commission's order entered on April 17, 1997, with regard to certain matters detailed herein. Applicants request that certain language in that Order be changed to reflect the terms of the agreement referenced in the joint application and accompanying transaction summary; specifically, that the proposed transfer of the 7.75 mile 138 kV transmission line ("Stonewall-Concord Line") and associated rights-of-way will be transferred from CVEC to Appalachian at "no cost" rather than "at cost" and that Appalachian will "acquire" rather than "purchase" such facilities and rights-of-way.

Applicants also request additional time, or until October 31, 1997, to file its report of action due to be filed by June 30, 1997. Applicants state that additional time is needed, because they did not learn of the Commission's Order until after the deadline for filing had passed. In addition, Applicants state that the transfer of such assets has not been accomplished.

NOW THE COMMISSION, having considered the matter, is of the opinion that Applicants' request is reasonable and should be granted. We will amend our April 17, 1997 Order to reflect the terms of the proposed transaction and grant Applicants additional time to file their report of action. Accordingly,

IT IS ORDERED THAT:

(1) Ordering paragraph 1 and paragraph 1, on page 1 of our Order be, and hereby is, amended to delete references to "at cost" and to substitute "at no cost" for such references.

(2) Ordering paragraph 1 of that Order is further amended to delete reference to "to purchase" and to substitute "to acquire" for that reference.

(3) Ordering paragraph 2 of that Order be, and hereby is, amended to reflect a deadline of October 31, 1997, rather than a deadline of June 30, 1997, for the filing of the report of action detailing certain specific information regarding such transfer.

CASE NO. PUA960067
SEPTEMBER 3, 1997

APPLICATION OF
VIRGINIA GAS STORAGE COMPANY,
VIRGINIA GAS DISTRIBUTION COMPANY,
and
VIRGINIA GAS PIPELINE COMPANY

For authority to enter into agreements with affiliated companies

ORDER GRANTING AUTHORITY

Virginia Gas Storage Company ("Storage"), Virginia Gas Distribution Company ("Distribution"), and Virginia Gas Pipeline Company ("Pipeline"), collectively referred to as the "Applicants," have filed an application with the Commission under the Public Utilities Affiliates Act requesting authority to enter into agreements with affiliates. As stated in the application, Storage is a public service company providing natural gas storage service from Washington and Scott Counties in the Commonwealth of Virginia. Distribution is a public service company providing natural gas service in Russell and Buchanan Counties in the Commonwealth of Virginia, and Pipeline has applied to the Commission for a Certificate of Public Convenience and Necessity to provide natural gas storage service from Smyth and Washington Counties in the Commonwealth of Virginia. Storage and Distribution are both owned fifty percent by Virginia Gas Company ("Virginia Gas") and fifty percent by a private investor. Pipeline, Virginia Gas Exploration Company ("Exploration") and Virginia Gas Propane Company ("Propane") are wholly-owned by Virginia Gas.

In the application, the following approvals are requested:

1) Distribution requests approval to enter into a contract with Storage for the storage of natural gas, approval to amend and extend the Sales Agreement with Exploration dated November 1, 1992, through December 31, 2003, and to purchase certain distribution assets at cost, from its affiliate, Storage.

2) Storage requests approval to enter into a contract with Pipeline for the purpose of providing natural gas storage services to each other.

3) Storage, Distribution, and Pipeline request approval to enter into a contract with each other and their affiliates, Exploration, Propane, and Virginia Gas for the purpose of providing certain technical services to each other.

Gas Storage Agreement

The proposed Storage Agreement is between Distribution and Storage. Pursuant to the Storage Agreement, Storage will provide gas storage services from the Early Grove Storage Field in Scott and Washington Counties, Virginia, based on the current tariff as approved by the Commission as follows:

1) Terms: Up to 31,500 MMBtu of 90-day Firm Storage Service (FSS) in accordance with the terms of the Virginia Gas Storage Company tariff.

FSS 90-day Rate: $1.50 per MMBtu per year.

2) Injection fee: $.05 per MMBtu.

3) Withdrawal fee: $.05 per MMBtu.

4) The rates in 1-3 above will stay in effect for the duration of this agreement, which will terminate on April 20, 2003, except for Virginia Gas Storage Company tariff changes as approved from time to time by the Commission.

5) Termination of this agreement will occur upon one party giving written notice to the other party, such termination being effective 90 days following receipt of the written notice.

Gas Sales Agreement

The Gas Sales Agreement is between Distribution and Exploration and provides for the sale and delivery of natural gas by Exploration to Distribution as follows:

1) Quantity up to 1,000 MMBtu per day.

2) Monthly price per MMBtu as reflected in Gas Purchase Contract No. 9106 between Exploration and Hope Gas, Inc.

3) This agreement covers the period from January 1, 1994, to April 30, 2003.

4) Termination of this agreement will occur upon one party giving the other written notice to the other party, such termination being effective ninety days following receipt of the written notice.

Gas Storage Agreement

The Gas Storage Agreement is between Pipeline and Storage and provides for gas storage services to be provided from the Early Grove Storage Field in Scott and Washington Counties, Virginia, based on its tariff as approved by the Commission. The Gas Storage Agreement also provides for the

provision by Pipeline of gas storage services from the Saltville Storage Facility in Smyth and Washington Counties, Virginia, based on its interim tariff as approved by the Commission as follows:

1) Terms: Up to 271,500 MMBtu of 60-day or 90-day Firm Storage Service (FSS) in accordance with the terms of the Storage and Pipeline tariffs.

FSS 60-day Rate: $1.86 per MMBtu per year.

FSS 90-day Rate: $1.50 per MMBtu per year.

2) Injection fee: $.05 per MMBtu.

3) Withdrawal fee: $.05 per MMBtu.

4) The rates in 1-3 above will stay in effect for the duration of the agreement, which will terminate on April 30, 2003, except for Storage and Pipeline tariff changes as approved from time to time by the Commission.

5) Termination of the Agreement will occur upon one party giving written notice to the other party, such termination being effective ninety days following receipt of the written notice.

Technical Services Agreement

The Technical Services Agreement is between Distribution, Storage, Pipeline, Exploration, Propane, and Virginia Gas. According to this agreement, the above companies will provide/receive technical services to/from each other as necessary until April 30, 2003. Under this agreement, employees directly employed on company projects will be billed at cost, including salary, payroll taxes, benefits, vehicle expenses, and out-of-pocket expenses. Technical services will include, but not be limited to, project management, pipeline or storage services, and land and lease services. Charges to the Companies will be based on employee time sheets with billings to occur monthly. The Agreement will cover the period from January 1, 1994, to April 30, 2003. Termination of the Agreement will occur upon ninety days' written notice to the other party.

Purchase and Sale Agreement

The Purchase and Sale Agreement is between Distribution and Storage and provides for the sale by Storage to Distribution of Storage's interest in certain distribution assets serving the area around the Town of Grundy in Buchanan County, Virginia (the "Grundy Distribution System"). Pursuant to the Agreement, Storage will sell the Grundy Distribution System to Distribution for $223,644.00 (at cost) to be payable by the reduction of the $700,000 Company Promissory Note dated January 6, 1994, between Distribution and Storage. These assets were held as work-in-progress on Storage's books and therefore, no depreciation was recorded prior to the sale. The accumulated cost, therefore, equals the book value.

THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the above-described agreements are in the public interest and should be approved. However, to ensure that all costs of providing services are fully recovered under the Technical Services Agreement, the Applicants should take steps to include cost of facilities in charges for services provided. Also, services provided under the Technical Services Agreement shall be limited to those enumerated in the Technical Services Agreement filed herein. Where goods and services are purchased by Storage, Distribution, and Pipeline from non-regulated affiliates, the prices should be at the lower of cost plus a reasonable return or the market price. Goods and services provided by Storage, Distribution, and Pipeline to non-regulated affiliates should be at the greater of cost plus a reasonable return or the market price. Goods and services provided to or received from regulated affiliates should be priced at tariff, or cost plus a reasonable return when the good or service is not tariffed. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Virginia Gas Distribution Company and Virginia Gas Storage Company are hereby granted authority to enter into a contract with Virginia Gas Storage Company for the storage of natural gas (the "Gas Storage Agreement") under the terms and conditions and for the purposes as described herein subject to the following modifications: Goods and services purchased by Storage, Distribution, and Pipeline from non-regulated affiliates should be at the lower of cost plus a reasonable return or the market price. Goods and services provided by Storage, Distribution, and Pipeline to non-regulated affiliates should be at the greater of cost plus a reasonable return or the market price. Goods and services provided to or received from regulated affiliates should be priced at tariff, or cost plus a reasonable return when the good or service is not tariffed.

2) Pursuant to § 56-77 of the Code of Virginia, Virginia Gas Distribution Company is hereby granted authority to amend and extend the sales agreement with Virginia Gas Exploration Company (the "Gas Sales Agreement") as described herein.

3) Pursuant to § 56-77 of the Code of Virginia, Virginia Gas Storage Company and Virginia Gas Pipeline Company are hereby granted authority to enter into a contract (the "Gas Storage Agreement") for the purpose of providing natural gas storage services to each other under the terms and conditions as described herein.

4) Pursuant to § 56-77 of the Code of Virginia, Virginia Gas Storage Company, Virginia Gas Distribution Company, and Virginia Gas Pipeline Company are hereby granted authority to enter into a contract with each other and their affiliates, Virginia Gas Exploration Company, Virginia Gas Propane Company, and Virginia Gas Company (the "Technical Services Agreement") for the purpose of providing certain technical services to each other under the terms and conditions as described herein except that the Applicants shall take the necessary steps to include cost of facilities in charges for the provision of services and that the authority to provide services shall be limited to those enumerated in the Technical Services Agreement filed herein.

5) Pursuant to § 56-77 of the Code of Virginia, Virginia Gas Distribution Company is hereby granted authority to purchase certain distribution assets, at cost, from its affiliate, Virginia Gas Storage Company, and Virginia Gas Storage Company is granted authority to sell such assets to Virginia Gas Distribution Company at cost, the actual sales price being $223,644.00, as described herein.

6) Should any terms and conditions of the agreements authorized herein change from those described herein, Commission approval shall be required for such changes.

7) Should any services be provided under the Technical Services Agreement in addition to those enumerated in the Technical Services Agreement filed herein, Commission approval shall be required for the provision of such services.

8) The authority granted herein shall have no ratemaking implications.

9) The authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

10) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

11) The Applicants shall file an Annual Report of Affiliate Transactions with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year beginning April 1, 1998, providing certain information on all affiliate transactions for the preceding calendar year. Information to be included is as follows: affiliate's name, description of each affiliate transaction, dates of each affiliate transaction, and total dollar amount of each transaction. The report shall include all agreements with affiliates regardless of the amount involved and shall supersede all other reporting requirements previously ordered. In the report, the Applicants shall include components of costs charged to affiliates for services provided under the Technical Services Agreement, such costs to include, in addition to the components described in the application, cost of facilities used in providing the services.

12) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960067
SEPTEMBER 23, 1997

APPLICATION OF
VIRGINIA GAS STORAGE COMPANY,
VIRGINIA GAS DISTRIBUTION COMPANY,
and
VIRGINIA GAS PIPELINE COMPANY

For authority to enter into agreements with affiliated companies

AMENDING ORDER

By Order dated September 3, 1997, Virginia Gas Storage Company ("Storage"), Virginia Gas Distribution Company ("Distribution"), and Virginia Gas Pipeline Company ("Pipeline"), collectively referred to as the "Applicants," were granted authority to enter into a Gas Storage Agreement between Virginia Gas Distribution Company and Virginia Gas Storage Company, to amend and extend a Gas Sales Agreement between Virginia Gas Distribution Company and Virginia Gas Exploration Company, to enter into a Gas Storage Agreement between Virginia Gas Storage Company and Virginia Gas Pipeline Company, to enter into a Technical Services Agreement among the Applicants, and to transfer utility assets from Virginia Gas Storage Company to Virginia Gas Distribution Company.

The Commission's September 3, 1997 Order inadvertently omitted three amendments to the agreements authorized. The Applicants filed these amendments on March 31, 1997. The three amendments are as follows: Amended Attachment A, Gas Storage Agreement, between Virginia Gas Distribution Company and Virginia Gas Storage Company; Amended Attachment B, Gas Sales Agreement, between Virginia Gas Distribution Company and Virginia Gas Exploration Company; and Amended Attachment C, Gas Storage Agreement, between Virginia Gas Pipeline Company and Virginia Gas Storage Company.

The amendments to the Storage Agreements (Amended Attachment A and Amended Attachment C) consist of increases to the storage volumes reflected in the original agreements in addition to expanded service options. The Applicants represent that the additional storage volumes are necessary due to the continued expansion of Virginia Gas Distribution Company's natural gas distribution systems in Russell and Buchanan Counties. The Applicants further represent that the anticipated usage requirements of new industrial customers, particularly in Russell County, will require the utilization of additional storage services to meet peak customer demands in a cost effective manner.

The Gas Sales Agreement in the original filing was amended (Amended Attachment B) to reflect the 1997 formation of Virginia Gas Marketing Company ("Marketing"), a company formed subsequent to the original filing in this case. As indicated in the amendment, Marketing is a wholly-owned subsidiary of Virginia Gas Company formed for the purpose of marketing natural gas. Natural gas produced from wells operated by Exploration will be the initial source of supply for Marketing. As indicated in the amendment, the agreements are currently being executed which will assign the marketing interest in natural gas sales contracts held by Exploration to Marketing.

NOW THE COMMISSION, upon consideration of the amendments and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the amendments as described herein are in the public interest and should be approved. Therefore, ordering paragraphs 1, 2, and 3 of the Commission's September 3, 1997 Order should be amended to include the amendments to the agreements as described herein. Accordingly,

IT IS ORDERED THAT:

1) Ordering paragraphs 1, 2, and 3 shall, therefore, be amended as follows:

1) Pursuant to § 56-77 of the Code of Virginia, Virginia Gas Distribution Company and Virginia Gas Storage Company are hereby granted authority to enter into a contract with Virginia Gas Storage Company for the storage of natural gas (the "Gas Storage Agreement"), as amended in Amended Attachment A, Gas Storage Agreement, under the terms and conditions and for the purposes as described herein subject to the following modifications: Goods and services purchased by Storage, Distribution, and Pipeline from non-regulated affiliates should be at the lower of cost plus a reasonable return or the market price. Goods and services provided by Storage, Distribution, and Pipeline to non-regulated affiliates should be at the greater of cost plus a reasonable return or the market price. Goods and services provided to or received from regulated affiliates should be priced at tariff, or cost plus a reasonable return when the good or service is not tariffed.

2) Pursuant to § 56-77 of the Code of Virginia, Virginia Gas Distribution Company is hereby granted authority to amend and extend the sales agreement with Virginia Gas Exploration Company (the "Gas Sales Agreement") as described herein and as amended in Amended Attachment B, Gas Sales Agreement.

3) Pursuant to § 56-77 of the Code of Virginia, Virginia Gas Storage Company and Virginia Gas Pipeline Company are hereby granted authority to enter into a contract (the "Gas Storage Agreement") for the purpose of providing natural gas storage services to each other, as amended in Amended Attachment C, Gas Storage Agreement, under the terms and conditions as described herein.

2) All other provisions of the September 3, 1997 Order shall remain in full force and effect.

CASE NO. PUA960068
MARCH 14, 1997

APPLICATION OF
VIRGINIA GAS STORAGE COMPANY
and
VIRGINIA GAS PIPELINE COMPANY

For authorization and approval to enter into an affiliate salary arrangement

ORDER GRANTING AUTHORIZATION AND APPROVAL

Virginia Gas Storage Company ("Storage") and Virginia Gas Pipeline Company ("Pipeline"), collectively referred to as the "Companies" or the "Applicants," have filed an application with the Commission under the Public Utilities Affiliates Act. In the application, the Companies request approval for an affiliated company salary arrangement relating to an employment agreement (the "Agreement") between Virginia Gas Company ("VGC"), an affiliated company and Michael L. Edwards ("Mr. Edwards"), President of VGC, Storage, Pipeline, and Virginia Gas Distribution Company ("Distribution"). The Companies believe that the salary arrangement requires Commission approval because of Mr. Edwards' status as a shareholder of VGC.

As indicated in the application, Storage is a public service company providing natural gas storage service from Washington and Scott Counties in Virginia. Pipeline has applied to the Commission for a Certificate of Public Convenience and Necessity to provide natural gas storage service from Smyth and Washington Counties in Virginia. VGC and a private investor each own fifty per cent of Storage. Pipeline is wholly-owned by VGC.

As stated by the Companies, the Agreement was entered into on May 23, 1996, for a period of ten years for the employment of Mr. Edwards by VGC. The Agreement provides for an annual salary of $155,000. Mr. Edwards will also receive annual bonuses computed on the basis of ten per cent of VGC's consolidated pre-tax earnings on all amounts from $1,000,000 to $1,999,999 and fifteen per cent of VGC's consolidated pre-tax earnings on all amounts in excess of $2,000,000. The bonus for 1996, however, was $50,000.

As provided for in the Agreement, in the event Mr. Edwards' employment is terminated by VGC for any reason other than for cause during the term of the Agreement, at the election of Mr. Edwards, VGC will be obligated to purchase all or a portion of the common shares held by him and/or his wife at a price equal to 150% of the market value of VGC's common shares at the date of termination. In addition, VGC will be obligated to pay Mr. Edwards, in a lump sum distribution, all salary amounts payable to Mr. Edwards through the term of the Agreement plus an additional $2,000,000. Mr. Edwards' salary is currently paid fifty per cent by Storage and fifty per cent by Pipeline.

As stated in the application, the Agreement was negotiated in April and May of 1996 between Mr. Edwards and Anderson & Strudwick, Inc., the firm selected to underwrite VGC's initial public offering of common stock. A primary concern of these negotiations was that the terms of the Agreement be acceptable to the new common stockholders of VGC. In support of the salary arrangement and other compensation under the Agreement, the Companies provided salary information of a peer group of companies.

THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the above-described affiliate salary arrangement is in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Virginia Gas Storage Company and Virginia Gas Pipeline Company are hereby granted authorization and approval for the affiliate salary arrangement as described herein.

2) The approval granted herein shall not in any way be deemed to include the recovery of any costs or charges for ratemaking purposes in connection with the Agreement approved herein.

3) Should there be any changes in the Agreement from those described herein, Commission approval shall be required for such changes.

4) The approval granted herein shall expire on May 31, 2006, the termination date stated in the Agreement, and any future salary arrangements between Mr. Edwards and VGC shall require Commission approval as long as an affiliate relationship exists.

5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by the Commission.

7) The Applicants shall file an Annual Report of Affiliated Transactions with the Director of Public Utility Accounting of the Commission by April 1 of each year beginning April 1, 1998, covering the preceding calendar year. Such report shall include a description of affiliate transactions and the associated costs incurred and/or payments received for all affiliate agreements in existence during the year broken down by direct charged and allocated.

8) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960070
MARCH 12, 1997

APPLICATION OF
ATMOS ENERGY CORPORATION

For approval of affiliate arrangements

ORDER GRANTING APPROVAL

Atmos Energy Corporation ("Atmos," the "Company," the "Applicant") filed an application with the Commission under the Public Utilities Affiliates Act (the "Affiliates Act") requesting approval of certain affiliate arrangements. Commission approval of the proposed merger of United Cities Gas Company with and into Atmos Energy Corporation took place by Commission Order dated February 20, 1997, in Case No. PUE960232. Once the merger takes place, Atmos will be subject to the Affiliates Act. Atmos, therefore, requests approval of certain existing arrangements with its affiliates. Atmos, the surviving company, and its subsidiaries, Western Kentucky Gas Resources, Inc., Trans Louisiana Industrial Gas Company, Enermart, Inc., Egasco, Inc., and Atmos Energy Services, Inc., request approval for one existing formal and four informal agreements between Atmos, through its operating divisions in Kentucky, Texas, and Louisiana, and these affiliates.

The first of the agreements is the Western Kentucky Arrangement. Western Kentucky Gas Resources ("NRG"), a subsidiary of Atmos, has contracts with two of its Kentucky customers for the management of their natural gas storage facilities. As part of an informal arrangement between Atmos and NRG, these gas storage facilities are operated by Atmos, through its Western Kentucky Gas operating division ("WRG"), which in turn bills NRG monthly for its cost of operation.

Another arrangement is the Trans Louisiana Arrangement. By Special Order dated April 28, 1983, the Louisiana Public Service Commission authorized Trans Louisiana Gas Company, Inc. ("Trans Louisiana"), an Atmos operating division, to form a wholly-owned subsidiary, Trans Louisiana Industrial Gas Company (the "Industrial Company"), to handle its industrial sales and operations. Through this operational structure, Trans Louisiana retained responsibility over its regulated residential and commercial utility activities but transferred responsibility for its deregulated industrial operations to the Industrial Company. Trans Louisiana charges the Industrial Company for use of Trans Louisiana distribution facilities and for customer accounting and administrative services provided by Trans Louisiana to the Industrial Company and its customers.

As part of the Enermart, Egasco, Energas Arrangement, Enermart, Inc. ("Enermart") and Egasco, Inc. ("Egasco"), Texas corporations and Atmos subsidiaries, sell gas to agricultural customers in Texas. This gas is delivered to Enermart and Egasco customers through distribution systems operated by Atmos, doing business through its Energas operating division in Texas. Energas charges Enermart and Egasco monthly for the provision of this service.

An additional informal arrangement for which Atmos is requesting approval was submitted by amendment filed November 25, 1996. Through this amendment, Atmos requests approval of an arrangement with Atmos Energy Services, Inc. ("AES"). According to the terms of the arrangement with AES, (the "AES Arrangement"), AES has entered into a contract with a third party to provide the customers of Energas with an appliance protection plan. The third party manages the appliance protection plan. AES maintains separate accounting records for the appliance protection plan and bills Energas on a monthly basis for all costs incurred in conjunction with its protection plan service.

Through a formal contract dated January 1, 1989, Energas and Enermart entered into a Gas Transportation Agreement through which Energas agreed to transport all gas purchased by Enermart for resale to certain specified end users. In exchange, Enermart agreed to accept and pay a monthly charge as compensation for this service.

In its application, the Company represents that the arrangements and formal agreement for which approval is being requested are fair and reasonable and that the prices charged by Atmos to its subsidiaries in each of the arrangements and the agreement are based on full cost recovery. The Company states that because the management of gas storage facilities requires highly specialized skills already possessed by Atmos, approval of the Western Kentucky Arrangement will ensure maximum service effectiveness for Kentucky customers. Approval of the Trans Louisiana Arrangement will provide better budgeting, as well as monitoring capability, and will make regulated rate case applications clearer and more concise. The Company represents that as gas distribution is performed most efficiently and effectively on a centralized basis, both the Enermart, Egasco, and Energas Arrangement and the Gas Transportation Agreement benefit Atmos customers in Texas. The Company states that the AES Arrangement provides the most economically efficient and effective means of providing such services to Texas Energas customers. Atmos states that no costs associated with the affiliate subsidiary relationships will be allocable to Virginia.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described affiliate arrangements are in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Atmos Energy Corporation is hereby granted approval for the affiliate agreements as described herein including the agreement filed by amendment on November 25, 1996.

2) The approval granted herein shall not in any way be deemed to include the recovery of any costs or charges for ratemaking purposes in connection with the agreements or arrangements approved herein.

3) The approval granted herein is based, in part, on statements made in the application that no costs will be allocated to Virginia in connection with the agreements or arrangements.

4) If in the future there should be a need to allocate costs to Virginia in connection with the agreements or arrangements approved herein, such agreements or arrangements will need to be amended to reflect such allocations, and Commission approval will be required for such amendments.

5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by the Commission.

7) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960074
FEBRUARY 10, 1997

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For authority to enter into a seasonal firm transportation service agreement

ORDER GRANTING AUTHORITY

Virginia Natural Gas, Inc. ("VNG," the "Company," the "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act requesting authority to enter into a Service Agreement Applicable to Transportation of Natural Gas Under Rate Schedule FT (the "Seasonal FT Agreement") with CNG Transmission Corporation ("CNG Transmission," the "Affiliate"). The Seasonal FT Agreement is to be effective December 1, 1995, through February 28, 2005, and provides for firm seasonal transportation (for three months each season) of liquefied natural gas from Cove Point, Maryland LNG facilities for peak day seasonal gas supply requirements.

As indicated in the application and the attached Energy Regulation memorandum dated January 27, 1997, the contracted services are the only transportation services available to service VNG from the Cove Point facility. Firm transportation services are required on a seasonal basis only in order to make use of the seasonal supplies represented by the Cove Point contract to meet seasonal peak day demands. The service is consistent with, and subject to, Federal Energy Regulatory Commission ("FERC")-approved tariffs.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described Seasonal FT Agreement is in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Virginia Natural Gas, Inc. is hereby granted authority to enter into the Seasonal FT Agreement with CNG Transmission Corporation under the terms and conditions and for the purposes as described herein.

2) The authority granted herein shall be retroactive to December 1, 1995, as requested by the Applicant.

3) The authority granted herein shall not in any way be deemed to include the recovery of any costs or charges in connection with the Seasonal FT Agreement for ratemaking purposes.

4) The authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

5) The commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission.

6) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960075
JANUARY 8, 1997

APPLICATION OF
RESTON/LAKE ANNE AIR CONDITIONING CORPORATION

For authority to renew lease agreement and employment agreements previously approved

ORDER GRANTING AUTHORITY

Reston/Lake Anne Air Conditioning Corporation ("RELAC," the "Company," the "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act requesting authority to renew a lease agreement and employment agreements previously approved by the Commission. The Company requests authority to renew the lease agreement and the employment agreements for an additional two years with no changes from that previously approved.

By Commission Order dated April 3, 1995, in Case No. PUA940051, the Commission gave RELAC authority to enter into Employment Agreements with Douglas A. Cobb ("Mr. Cobb") and Barbara B. Cobb ("Mrs. Cobb") for a two-year period ending December 31, 1996. The salary for Mr. Cobb was approved at $87,000, and the salary for Mrs. Cobb was approved at $21,000. Mr. Cobb and Mrs. Cobb also would receive full health insurance. Mr. Cobb would be provided a pickup truck for his daily use and for the transport of the Company's materials.

In Case No. PUA940052, the Company was granted approval to renew the existing property lease agreement under the same terms and conditions as previously approved in two earlier cases. The lease agreement is with Mr. Cobb and Mrs. Cobb. The annual lease amount is $15,600, and the property is used to support a pumping plant.

THE COMMISSION, upon consideration of the application, representations of the Applicant, and having been advised by its Staff, is of the opinion and finds that the above-described employment agreements and lease agreement continue to be in the public interest and that the requested renewals should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Reston/Lake Anne Air Conditioning Corporation is hereby granted authority to renew the employment agreements and the lease agreement with Douglas A. Cobb and Barbara B. Cobb as described herein through December 31, 1998.

2) The authority granted herein shall not be deemed to include the recovery of any costs or charges in connection with the employment agreements and the lease agreement and that the burden of proving the reasonableness of the salaries paid under the employment agreements and the payments made under the lease agreement in any future rate proceedings shall rest with the Applicant.

3) Any changes in the terms and conditions of the employment agreements and the lease agreement from those contained in this application shall require Commission approval.

4) Commission approval shall be required to extend the employment agreements and the lease agreement beyond December 31, 1998.

5) The authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission pursuant to § 56-79 of the Code of Virginia.

7) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA960076
FEBRUARY 27, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
VIRGINIA DEPARTMENT OF TRANSPORTATION,
DAVID R. GEHR, COMMISSIONER,
Complainant
v.
TOLL ROAD INVESTORS PARTNERSHIP II, L.P.,
Defendant

ORDER DIRECTING INITIAL PAYMENT

Before the Commission is the Department of Transportation's "Petition for Payment" of a sum owed by Toll Road Investors Partnership II, L.P. ("Toll Road Investors") to reimburse the Department for expenses related to the construction of the Dulles Greenway. As authorized by previous orders, Toll Road Investors has filed an answer to the petition, and the Department of Transportation has filed a response.

The Commission has reviewed carefully the positions set out by both parties in their pleadings. Toll Road Investors has stated that it is pursuing refinancing. If its efforts are successful, Toll Road Investors will make a payment of $1,000,000 to the Department of Transportation by

March 31, 1997. In its pleading, the Department of Transportation has stated that it would accept this partial payment with the expectation that Toll Road Investors would pay the balance due by December 31, 1997.

Upon consideration of the positions of the parties, IT IS ORDERED THAT:

(1) On or before March 31, 1997, Toll Road Investors shall make a payment of $1,000,000 to the Department of Transportation, or its designee, in a manner acceptable to the Department.

(2) Within five (5) working days of the making of this payment, Toll Road Investors shall file with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, a certificate signed by an appropriate representative of the partnership stating the date and method of the payment.

(3) This case be continued generally.

CASE NO. PUA960076
JULY 24, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
VIRGINIA DEPARTMENT OF TRANSPORTATION, DAVID H. GEHR, COMMISSIONER,
Complainant
v.
TOLL ROAD INVESTORS PARTNERSHIP II, L.P.,
Defendant

ORDER REVISING REPORTING REQUIREMENT

Before the Commission is the Virginia Department of Transportation's "Petition for Payment" of a sum owed by Toll Road Investors Partnership, II, L.P. ("Toll Road Investors") to reimburse the Department for expenses related to the construction of Toll Road Investors' Dulles Greenway. By its Order Directing Initial Payment of February 27, 1997, the Commission ordered Toll Road Investors to make a payment of $1,000,000 to the Department of Transportation by March 31, 1997, with a final payment of the balance due by December 31, 1997. As shown in the record of this proceeding, Toll Road Investors was unable to meet this schedule, and the Commission has continued this proceeding.

Toll Road Investors has reported to the Commission that it made the initial payment of $1,000,000 on May 23, 1997. It expects to make a payment of the balance due to the Department of Transportation on or before January 15, 1998 or upon refinancing its debt, whichever occurs earlier. Toll Road Investors also states that the Department of Transportation has agreed to this repayment schedule. Toll Road Investors now asks the Commission to set a new schedule for reporting on repayment.

Upon consideration of Toll Road Investors' reports, the Commission will grant the request to establish a new reporting schedule. Accordingly,

IT IS ORDERED THAT:

(1) Within five business days of making its final payment to the Department of Transportation, Toll Road Investors shall file with the Clerk of the Commission a certificate signed by an appropriate representative of the partnership stating the date and amount of the payment of the balance due to the Department of Transportation and shall simultaneously serve a copy of this report on the Director, Division of Economics and Finance, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197, and on counsel to the Department of Transportation.

(2) Within five working days of receipt of the certificate ordered in (1) above, the Department of Transportation shall file with the Clerk of the Commission a certificate signed by an appropriate official acknowledging receipt of the payment, and stating the amount of any indebtedness still outstanding and shall simultaneously serve a copy of this certificate on counsel to Toll Road Investors and on the Director of Economics and Finance.

(3) In the event Toll Road Investors has not made a final payment to the Department of Transportation by January 15, 1998, Toll Road Investors shall file with the Clerk of the Commission on January 22, 1998, a report on the status of its financial negotiations and the status of any payments to the Department of Transportation and shall simultaneously serve a copy of this report on counsel to the Department of Transportation and on the Director of the Division of Economics and Finance.

(4) Toll Road Investors shall continue filing and serving reports required in (3) above on the 22nd of each month (or the next Commission business day) until further order of the Commission.

CASE NO. PUA960081
MARCH 28, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval to extend/amend the present directory publishing agreement

ORDER GRANTING APPROVAL

Central Telephone Company of Virginia ("Central," "Company," "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act for approval to extend for one (1) year the current directory publishing agreement (the "Agreement") between it and its affiliate, The CenDon Partnership ("CenDon"). The Agreement was approved by the Commission in Case No. PUA880080 by Order dated January 24, 1991, for a five-year period and approved for one-year extensions in Case No. PUA940055 by Order dated May 5, 1995, and Case No. PUA950070 by Order dated July 15, 1996.

In its application, Central proposes to extend the Agreement for a one (1)-year period from January 1, 1997, to December 31, 1997. Company represents that the extension of the Agreement will be beneficial in that Central will continue to obtain payments of 48.65% of net collected revenues and that such arrangement will not be detrimental to the public interest.

THE COMMISSION, upon consideration of the application and representations by Applicant and having been advised by its Staff, is of the opinion and finds that the extension of the Agreement with The CenDon Partnership from January 1, 1997, through December 31, 1997, as described herein would be in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Central Telephone Company of Virginia is hereby granted approval of the extension to its CenDon Virginia Directory Agreement as described herein.

2) The Agreement is approved effective January 1, 1997, through December 31, 1997.

3) The approval granted herein shall in no way be deemed to ensure recovery of any costs or charges for ratemaking purposes.

4) Any renewal of the Agreement beyond December 31, 1997, shall require Commission approval.

5) In the event the terms and conditions of the Agreement change from those contained herein, Commission approval shall be required for such changes.

6) The approval granted herein shall not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

7) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission, pursuant to § 56-79 of the Code of Virginia.

8) Applicant shall maintain records, subject to Commission inspection and review, detailing all payments made to CenDon under the Agreement.

9) Applicant shall file a Report of Action on or before February 27, 1998, showing year-to-date actual white and yellow page revenues and expenses for Company and CenDon with an itemization of expense levels by expense categories.

10) This matter shall be continued generally subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUA960082
APRIL 3, 1997

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For exemption from certain requirements of the Affiliates Act

ORDER GRANTING EXEMPTION

Virginia Natural Gas, Inc. ("VNG," "Company," "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act (the "Affiliates Act") requesting that it be exempt from the prior filing and approval requirements of Virginia Code § 56-77.A. with respect to certain business transactions with its affiliates, as defined by Title 56, Chapter 4, including the Consolidated Natural Gas Company ("CNG") Affiliates. As stated in the application, the CNG Affiliates consist of the following: Consolidated Natural Gas Service Company, Inc., CNG Transmission Corporation, The East Ohio Gas Company, The Peoples Natural Gas Company, Hope Gas, Inc., CNG Energy Services Corporation, and CNG Products and Services, Inc.

Company requests exemption from such prior filing and approval requirements when those business transactions are not reasonably anticipated to affect VNG's jurisdictional revenue requirements by more than $100,000.00 in any calendar year per affiliate, regardless of the number of business

transactions with an affiliate in any calendar year. VNG states that its proposed jurisdictional revenue requirement in its current case, Case No. PUE960227, is approximately $178,000,000.00

THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that granting the exemption requested by Virginia Natural Gas, Inc. would be in the public interest. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to Virginia Code § 56-77.A., Virginia Natural Gas, Inc. is hereby granted an exemption from certain requirements of the Affiliates Act by authorizing Applicant to enter into business transactions with the CNG Affiliates, and each of them, without prior filing with and approval by the Commission, when such business transactions are not anticipated in any calendar year to result in invoices or unbilled value transfer between VNG and a CNG Affiliate of more than $100,000.00 for products or services rendered to or by VNG.

2) The exemption granted herein shall apply to services currently regulated by the Commission and revenues or expenses that have been included in Company's cost of service in the past.

3) Such exemption, however, shall not apply to any agreements involving incidental or related services such as those described in paragraph 6.B. of Company's application, or any nonregulated activity. Such agreements with the CNG Affiliates shall be subject to the prior filing and approval requirement regardless of the amount involved.

4) The exemption granted herein shall not preclude the Commission from exercising the provisions of Virginia Code §§ 56-78 and 56-80 hereafter.

5) The Commission reserves the authority to examine the books and records of any of the CNG Affiliates in connection with agreements with VNG whether or not such affiliates are subject to Commission jurisdiction and whether or not such agreements have been reviewed and approved by the Commission.

6) Applicant shall take the necessary steps to anticipate as accurately as possible whether its agreements with the CNG Affiliates are likely to exceed $100,000.00 in a calendar year so that any agreements that exceed $100,000.00 during a calendar year are filed with and approved by the Commission in advance.

7) Applicant shall file an Annual Report of Affiliate Transactions with the Director of Public Utility Accounting by April 1 of each year, beginning April 1, 1998, on a confidential basis, for transactions for the prior calendar year. This report shall include the affiliates involved; the nature and subject matter of each affiliated transaction; the effective date; the amounts of money flowing to or from the utility under the transaction; number of personnel providing services; categorical component costs of each transaction (i.e., direct/indirect labor, fringe benefits, materials, supplies, and overheads; depreciation; taxes; interest expense; equity cost, etc.); allocation bases/factors for allocated costs; and comparative market value of such transactions. Such report shall include all agreements with the CNG Affiliates regardless of the amount involved and shall supersede all other affiliate reporting requirements previously ordered.

8) Applicant shall respond promptly and fully to any additional requested information that the Commission may deem appropriate.

9) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970001
JANUARY 31, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval of the renewal of an Operator Services Agreement with its affiliate, Carolina Telephone & Telegraph Company

ORDER GRANTING APPROVAL

On January 7, 1997, Central Telephone Company of Virginia ("Centel," the "Company," the "Applicant") filed an application with the Commission under the Public Utilities Affiliates Act requesting Commission approval of the renewal of an Agreement with Carolina Telephone and Telegraph Company ("CT&T," "Affiliate") for the Provision of Operator Services (the "Agreement"). Pursuant to the Agreement, Carolina Telephone and Telegraph Company will provide certain operator service functions for Centel.

The Agreement was approved by the Commission in its Order dated June 2, 1995, in Case No. PUA940059 for a one (1)-year period ending January 31, 1996. A one-year renewal of the Agreement effective January 31, 1996, was approved in Case No. PUA960002 in Order dated March 26, 1996. The Commission's Order Granting Approval directed that any renewal be submitted to the Commission for approval. There are no changes in the terms and conditions of the Agreement. Company requests approval of the renewal effective January 31, 1997.

As indicated in Case No. PUA940059, the Agreement replaced an InterCompany Service Agreement approved by the Commission in Case No. PUA870086. According to information previously provided by the Company, Centel has for many years provided intraLATA and local operator services to its customers in its service areas in Virginia through operators employed by Central Telephone Company, North Carolina Division ("Centel-NC") pursuant to an InterCompany Service Agreement effective December 7, 1987. The InterCompany Service Agreement was approved by the Commission by Order dated March 3, 1988.

The Company previously has represented that Centel-NC combined its operator services functions with those of CT&T in order to gain the benefits of economies of scale, including improved services to its customers by having a larger pool of operators to support the function. The Company has further stated that CT&T also had state of the art operator provisioning equipment. Centel represented that these benefits would accrue to customers. For these reasons, the Company proposed to combine its operator service function with the Affiliate.

As indicated in the Agreement, services to be provided by the Affiliate to the Company will include local operator assistance, toll operator assistance (both station to station, and person to person), and operator transfer services. The charge to Centel will be calculated based on operator work seconds handled each month by CT&T. No other costs will be charged or allocated to Centel. According to the Agreement, CT&T reserves the right to review the rate charged to the Company annually and to make adjustments accordingly to include such changes as the rates of compensation (including wages and benefits) paid by the Affiliate to its operator personnel. The Company states that these rates are comparable to the expense incurred by Centel when handled internally.

The Agreement is for a one (1)-year period beginning from its effective date and renews automatically thereafter for one (1)-year terms. In addition, the Agreement may be terminated by either party upon ninety (90) days' notice. Centel has represented that since the services to be provided by the Affiliate will not result in increased expenses to the Company and in fact may result in lower operating costs from economies of scale, the arrangement is not detrimental to Virginia ratepayers, and is in the public interest.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described Agreement continues to be in the public interest and that such renewal should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Central Telephone Company of Virginia is hereby granted approval of the Agreement for the Provision of Operator Services with Carolina Telephone and Telegraph Company under the terms and conditions and for the purposes as described herein.

2) Such approval is granted effective January 31, 1997.

3) The approval granted herein shall not be deemed to include recovery of any costs or charges in connection with the Agreement for ratemaking purposes.

4) Should any terms and conditions of the Agreement, including the price per OWS charged the Applicant for services provided, change from those contained in this application, Commission approval shall be required for such changes.

5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein, whether or not such affiliate is regulated by this Commission, pursuant to § 56-79 of the Code of Virginia.

7) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970002
JUNE 11, 1997

APPLICATION OF
MCI COMMUNICATIONS CORPORATION

For approval of the acquisition of control of MCI Telecommunications Corporation of Virginia and MCImetro Access Transmission Services of Virginia, Inc. by Concert plc

ORDER GRANTING APPROVAL

On January 3, 1997, MCI Communications Corporation ("MCIC," the "Company," the "Applicant") filed an application with the Commission under the Utility Transfers Act requesting approval of the acquisition of control of MCI Telecommunications Corporation of Virginia ("MCIT-VA") and MCImetro Access Transmission Services of Virginia, Inc. ("MCImetro-VA") by Concert, plc ("Concert"). By Order Extending Time For Review dated March 4, 1997, the Commission extended its time for review through July 2, 1997, pursuant to Virginia Code § 56-88.1. As described in the application, MCIC is a corporation organized under the laws of Delaware which engages generally in telecommunications business throughout the United States and elsewhere through numerous subsidiary corporations, affiliated corporations, and other business organizations. MCIC owns all of the voting stock of MCI Telecommunications Corporation, a Delaware corporation ("MCIT") which, in turn, owns all of the voting stock of MCIT-VA, a Virginia corporation. MCIT also owns all of the voting stock of MCImetro, Inc., a Delaware corporation which, in turn, owns all of the voting stock of MCImetro Access Transmission Services, Inc., a Delaware corporation which, in turn owns all of the voting stock of MCImetro-VA.

As is also discussed in the application, MCIT-VA, pursuant to a certificate of public convenience and necessity issued by the Commission, is currently authorized to provide intrastate interLATA and intraLATA interexchange telecommunications services in Virginia and, subsequent to the proposed merger, desires and intends to continue to provide long distance telephone service in Virginia. MCImetro-VA, pursuant to a certificate of public convenience and necessity issued by the Commission, is currently authorized to provide intrastate interLATA and intraLATA interexchange telecommunications services in Virginia and local exchange telecommunications services in Virginia. Subsequent to the proposed merger, MCImetro-VA desires and intends to maintain such authority and provide such service in Virginia.

As stated by MCIC in its application, on November 3, 1996, MCIC, British Telecommunications plc ("BT"), and Tadworth Corporation, a wholly-owned United States subsidiary of BT organized under the laws of Delaware to facilitate a merger of MCIC and BT, entered into an Agreement and Plan of Merger (the "Merger Agreement"). BT is a public limited company organized and existing under the laws of England and Wales which generally engages in the telecommunications business through various subsidiary and affiliated corporations and other business organizations in the United Kingdom and elsewhere.

Pursuant to the Merger Agreement, MCIC will be merged into Tadworth Corporation which will be renamed MCI Communications Corporation ("New MCIC"). At the same time, BT will change its name to Concert plc and convey its business operations in the United Kingdom to a new subsidiary named British Telecommunications plc ("New BT"). As indicated by the Company, subsequent to the closing, New BT and New MCIC will be wholly-owned subsidiaries of Concert. After the merger, MCIT-VA will continue to be a wholly-owned subsidiary of MCIT which, in turn, will be wholly-owned by New MCI. MCImetro-VA will continue to be wholly-owned by MCImetro, Inc. which, in turn, will be wholly-owned by MCIT.

In its application, MCIC states that the merger of MCIC and BT will serve the public interest in Virginia and elsewhere by creating a strong competitor in local, national, and international telecommunications markets. The Company further states that the resulting company will have the financial resources needed for investment in the rapidly changing telecommunications industry. The Company indicates that the merger will combine the two companies' complimentary management skills, backgrounds, and experience in all facets of the industry. MCIC states that all of these benefits will flow to Virginia citizens through the two Virginia subsidiaries. MCIC represents in its application that the proposed merger will further benefit Virginia consumers by enabling significant savings in operating costs and capital expenditures. The companies currently estimate that the merger will produce a pre-tax synergy benefit of approximately $2.5 billion during the five years following the merger. The Company represents that these savings will be principally attributable to economies of purchasing and procurement and the combining of operations. No significant decrease in employment is anticipated. Due to MCIC's entry into local telephone markets, overall employment in the United States is expected to increase. MCIC further represents that the proposed merger will not impair or jeopardize adequate service to the public at just and reasonable rates.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the proposed merger resulting in the transfer of control of MCIT-VA and MCImetro-VA will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and is in the public interest. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to Virginia Code §§ 56-88.1 and 56-90, the change of control of MCI Telecommunications of Virginia, Inc. and MCImetro Access Transmission Services of Virginia, Inc. as contemplated in the Agreement and Plan of Merger among British Telecommunications plc, MCI Communications Corporation and Tadworth Corporation is hereby approved.

2) The Applicant shall file a report of the action taken pursuant to the approval granted herein by no later than September 30, 1997, such report to include the date of the merger and any other significant details of the transaction.

3) This matter shall be continued generally subject to the continuing review and appropriate directive of the Commission.

CASE NO. PUA970003
NOVEMBER 7, 1996

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For Approval of Transactions with an Affiliate

ORDER DENYING APPLICATION FOR APPROVAL OF AFFILIATE SERVICES

On January 8, 1997, Central Virginia Electric Cooperative ("Central Virginia" or "Cooperative") filed an application pursuant to Chapters 4 and 5 of Title 56 of the Code of Virginia for approval of certain services with an affiliate, Central Virginia Services, Inc. ("CVSI"). Subsequently, the Cooperative filed additional information concerning its application in response to requests by the Division of Public Utility Accounting.[1]

On August 14, 1997, the Commission issued an Order directing Staff to file a response to Central Virginia's assertion that the functions to be performed by its subsidiary, traffic flagging and fleet vehicle washing, are related to or incidental to Central Virginia's business as an electric distribution cooperative. On August 22, 1997, the Commission Staff filed a Response to Issue Raised in Central Virginia's Motion. On August 29, 1997, Central Virginia filed a Reply to Staff's Response.

Central Virginia states that traffic flagging services and fleet vehicle washing facilities are necessary to its business of selling and distributing electric power. Central Virginia states that, currently, such services and facilities are not available in its area. Central Virginia proposes that its subsidiary's traffic flagging services would be used approximately 30% of the time by Central Virginia, with the remaining 70% sold to non-affiliates, and that approximately 10-20% of the truck washing capacity would be needed for Central Virginia's vehicles, with the remaining capacity sold to non-affiliates.[2] CVSI proposes to charge Central Virginia the same rates for these services that it would offer to non-affiliates. Id. at 11-12.

---

[1] By letters dated May 16, 1997, June 17, 1997, and August 4, 1997. Also on August 4, 1997, Central Virginia filed a Motion for Expedited Consideration.

[2] Central Virginia May 16, 1997 Letter at 3-4.

Central Virginia contends that cooperatives have broad authority under § 56-217 of the Code of Virginia which provides that cooperatives have the "power to do any and all acts or things necessary or incidental for carrying out the purpose for which it is formed, including, but not limited to" certain enumerated powers. Central Virginia August 4 Letter at 3-4. While noting that the Commission has not decided the scope of "'related or incidental' business functions," Central Virginia argues that electric cooperatives have broad authority, including the authority to acquire stock:

> [I]n one or more . . . corporations created to engage in any business related or incidental to the purpose for which a cooperative is formed including the provision of distribution, servicing and maintenance of television reception, satellite dishes, encrypted television programs and decryption equipment, and including the business of cable television systems subject to § 56-1-23.1, and water or sewer facilities.

Central Virginia August 4, 1997 Letter at 4-5, citing Va. Code § 56-217(11) (emphasis to Code added by Cooperative). Central Virginia argues that since cooperatives are allowed to provide water and sewer services, surely cooperatives' powers also encompass the provision of the services at issue in this proceeding. Moreover, Central Virginia argues, the broadest possible interpretation of the powers of cooperatives is required by the language of § 56-229 which requires that the Distribution Cooperatives Act:

> [I]s to be liberally construed and the enumeration of any object, purpose, power, manner, method or thing shall not be deemed to exclude like or similar objects, purposes, powers, manners, methods or things, and any provisions of other laws in conflict with the provisions of this article shall not apply to cooperatives operating hereunder.

Central Virginia argues that the use of the disjunctive connector "or" in the phrase "related or incidental to" (contained in Va. Code § 56-217(11)), rather than "and," underscores the broad scope of the phrase. Central Virginia quotes Webster's definitions of "related" and "incidental" as showing that these words in themselves have "broad, imprecise" meanings. Central Virginia August 4, 1997 Letter at 6.

Central Virginia asserts that both traffic flagging and vehicle washing services are related to the maintenance of its distribution facilities that are necessary to make electric power available to its members. Central Virginia contends that vehicle washing is related and incidental to Central Virginia's obligation to maintain facilities for the sale and distribution of electricity because it is connected to and associated with its business of selling and delivering electric power, and because the vehicle washing must occur as a result of and in connection with Central Virginia's ability to sell and deliver electric power. Central Virginia states that while its need for traffic flaggers is sporadic, it must have reliable access to flaggers who can be readily available on short notice. Central Virginia further states that it believes it "can best and most economically have access to sufficient flaggers by establishing CVSI, retaining the flaggers through the subsidiary, and hiring them out to other enterprises that require such services." Id. at 8. With respect to vehicle washing services, Central Virginia states that the older, independent vehicle washing facilities that are within a reasonable distance of its operations center do not or will not comply with recent and pending environmental regulations.[3] Central Virginia explains that it proposes to build and operate a vehicle washing facility through its subsidiary, CVSI, in order to "spare its members a portion of the cost" and because selling excess washing capacity to other fleet operators through CVSI would reduce the Cooperative's costs. Central Virginia August 4, 1997 Letter at 9.

The Commission Staff argues that the services that Central Virginia's subsidiary proposes to provide would be inconsistent with the Cooperative's not-for-profit purpose of promoting and encouraging the fullest possible use of electric energy. Staff contends that Va. Code § 56-217(11) does not bestow upon cooperatives the kind of broad authority that Central Virginia claims. Instead, Staff asserts, electric cooperatives are authorized under § 56-217(11) to set up certain subsidiaries only if the subsidiary is "necessary" to "any business related or incidental to the purpose for which a cooperative is formed." Staff August 22, 1997 Response at 2-3. Staff points out that, under Va. Code § 56-210, the purpose of cooperatives is to promote and encourage the fullest possible use of electricity by making electric power available at the lowest cost consistent with sound economy and with prudent management of the cooperative. Additionally, Staff notes, under Va. Code § 56-225, the corporate purpose of cooperatives is to "render service to its members." Id. at 2-3. Staff contends that the argument against allowing cooperatives to undertake ventures through creating a subsidiary pursuant to § 56-217(11) is more compelling where, as in this instance, such activities are neither consistent with cooperatives' not-for-profit purpose nor promote or encourage the fullest use of electric energy. Id. at 4-5.

More specifically, Staff contends that, while it is necessary from time to time for the Cooperative to flag traffic in the conduct of its business, "it is not necessary to provide such service for others, presumably including non-members, on a purely for-profit basis" and that "[s]uch an activity is inconsistent with [Central Virginia's] purpose as a not-for-profit provider of electric energy." Id. at 3. In the same vein, Staff states that it cannot conclude that the Cooperative's operation of a vehicle washing facility on a for-profit basis is necessary to its purpose of promoting and encouraging the fullest possible use of electric energy or is incidental to its business as a non-profit provider of electric service.

Central Virginia responds that Staff's assertion, i.e., that the enterprises proposed under § 56-217(11) must be necessary to the Cooperative's corporate purpose, is incorrect and irrelevant. Central Virginia states that, although § 56-217, which sets forth the general powers granted to cooperatives, limits cooperatives' powers to "any and all acts or things necessary or incidental for carrying out the purpose for which it is formed," subsection 11 of that provision does not contain the word "necessary." Central Virginia August 29, 1997 Reply at 4. Central Virginia states that Staff's focus on the statutory language that provides that the purpose of cooperatives is to promote and encourage the fullest possible use of electric energy ignores the further requirement that cooperatives operate "at the lowest cost consistent with sound economy and prudent management." Id. at 5.

Letters in support of Central Virginia's application were filed by Mr. Glenn English of National Rural Electric Cooperative Association ("NRECA"), Mr. David J. Hedberg of the National Rural Utilities Cooperative Finance Corporation ("CFC"), and Mr. Lee Earhart of CoBank. Mr. English, Mr. Hedberg and Mr. Earhart contend that the proposed ventures of Central Virginia's subsidiary would be a sound way of lowering the Cooperative's costs to its members. For example, Mr. English states that Central Virginia "has proposed a reasonable, low-risk business strategy that would enable the cooperative to further its statutory purposes at the lowest possible cost, while at the same time providing valuable services to its members." September 23, 1997 Letter of Mr. Glenn English at 3. Mr. Hedberg of CFC states that Central Virginia's "concept appears to be a very low risk way to improve its benefits to its owners" and that, to succeed in the increasingly competitive electric utility environment, it is critical for electric cooperatives to find new ways to cut costs and improve service. September 25, 1997 Letter of Mr. David J. Hedberg.

---

[3] Central Virginia does not identify the EPA regulations to which it refers or how they would be implemented and enforced. See Central Virginia May 16, 1997 Letter at 12 and Central Virginia August 4, 1997 Letter at 9.

In short, Central Virginia states that it seeks to enter non-utility businesses in order to offset its costs to its members and stabilize its retail rates.[4]

NOW THE COMMISSION, having considered the matter, finds that it must deny Central Virginia's application. The Code of Virginia does not permit electric cooperatives to enter into other businesses unless such business is "related or incidental to the purpose for which a cooperative is formed."[5] Electric cooperatives are formed for the purpose of promoting and encouraging the fullest possible use of electricity by making electric power available at the lowest cost consistent with sound economy and prudent management of the cooperative's business.[6] The "corporate purpose of each cooperative" formed under the Distribution Cooperatives Act is to "render service to its members," with certain exceptions not relevant to the circumstances presented here.[7]

What Central Virginia seeks to do is to create a subsidiary to perform two functions that support its business of providing electric service to its members, with the bulk of the services of the subsidiary being marketed to third parties. For example, Central Virginia would use only 10-20% of the capacity of the truck washing facility, with the remainder used by non-affiliates. This proposal may appear sound to the Cooperative because its trucks would get washed, while the profits from washing vehicles of others could be used to reduce electric rates. We must hold, however, that the Cooperative's proposal is not allowed by the Code of Virginia. The General Assembly has limited the ventures that electric cooperatives may undertake to those "related or incidental to the purpose for which a cooperative is formed." If truck washing and traffic flagging are allowed under the law simply because the Cooperative needs and uses these services, then the limits imposed by the statute would be rendered meaningless. With the reading urged by Central Virginia, the Cooperative could own a truck dealership, a pencil factory and a furniture factory because the Cooperative needs and uses trucks, pencils and furniture. We must apply the law as it is written and it cannot be interpreted to allow the services proposed here. If Central Virginia is to engage in these activities, the General Assembly must amend the law to allow it. Accordingly,

IT IS ORDERED that the application of Central Virginia is denied.

---

[4] See Central Virginia January 8, 1997 Application at 4.

[5] Va. Code § 56-217(11).

[6] See Va. Code § 56-210.

[7] Va. Code § 56-225.

CASE NO. PUA970005
MARCH 28, 1997

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval of incidental storage gas purchase transaction with Hope Gas, Inc., an affiliate

ORDER GRANTING APPROVAL

On January 30, 1997, Virginia Natural Gas, Inc. ("VNG," the "Company," the "Applicant") filed an application with the Commission under the Public Utilities Affiliates Act requesting approval of a certain transaction which took place during December 1996, in which VNG made a strategic purchase of storage inventory natural gas from Hope Gas, Inc. ("Hope Gas"). In Case No. PUA960040, the Commission authorized VNG and Hope Gas to enter into certain spot gas purchase transactions in which VNG made incidental (spot) purchases of natural gas from Hope Gas. That Order, however, did not grant continuing authority to make such purchases from Hope Gas.

As stated by VNG, in mid-December 1996, Hope Gas agreed to sell, and VNG agreed to purchase, subject to Commission approval, a total of 200,000 Dth of natural gas via storage inventory transfer through the GSS storage service of CNG Transmission Corporation, at a contract price of $3.95 per Dth. This price compares to $4.95 per Dth in a proposal from another supplier. The $3.95 price was also below the offering price of flowing gas during the solicitation period. VNG states in its application that the colder November weather made it necessary for VNG to add gas to storage in December to ensure that customer demands could be met later in the winter.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described transaction with Hope Gas was in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Virginia Natural Gas, Inc. is hereby granted approval of the incidental gas purchase transaction with Hope Gas, Inc. in December 1996, as described herein.

2) The approval granted herein shall not in any way be deemed to include the recovery of any costs or charges for ratemaking purposes in connection with the transaction approved herein.

3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§56-78 and 56-80 of the Code of Virginia hereafter.

4) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

5) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970007
SEPTEMBER 3, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of transactions with an affiliate

ORDER GRANTING APPROVAL

Virginia Electric and Power Company ("Virginia Power," "the Company," "the Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act requesting approval to enter into an Affiliate Services Agreement ("the Agreement") with an affiliate, Virginia Power Services, Inc. ("VPS," "the Affiliate"). As stated in the application, VPS is a general business corporation, organized under the laws of Virginia. Virginia Power created VPS to facilitate the efficient utilization of Virginia Power resources to provide unregulated services to third parties while segregating that activity from the Company's traditional electric utility operations. Virginia Power states that the effect of such segregation will be to facilitate appropriate cost and expense allocations between the regulated and unregulated activities. Virginia Power states that the segregation also will provide Virginia Power with protection from some risks associated with these unregulated activities.

In its application, Virginia Power states that VPS is a holding company that will, with the aid of the services to be provided by Virginia Power, engage in unregulated businesses through one or more wholly-owned subsidiaries. Initially, VPS will have a single wholly-owned subsidiary, Virginia Power Nuclear Services Company ("VPN"), a Virginia corporation. VPN is a general business corporation that will provide nuclear management and operation services to electric utilities seeking assistance in the management and operation of their nuclear generating facilities.

Virginia Power requests approval of the Agreement with VPS pursuant to which Virginia Power will furnish certain general services to VPS, many of which VPS may, in turn, furnish to VPN and other subsidiaries, if any. The Agreement also provides (1) that Virginia Power will furnish additional specific services that will, when passed through by VPS to VPN, enable VPN to provide nuclear management and operation services to electric utilities seeking assistance in the management and operation of their nuclear generating facilities, and (2) subject to approval by the Commission, that Virginia Power may furnish additional specific services that will, when passed through to other subsidiaries of VPS, enable those subsidiaries to provide to their customers other unregulated services. The Agreement also provides for VPS to pass through to Virginia Power certain limited services that it may receive from VPN and its other subsidiaries, if any.

As part of the application, Virginia Power requested approval of an Inter-Company Credit Agreement under which Virginia Power would provide capital to VPS and its subsidiaries. However, in the process of responding to Staff inquiries regarding the specific capital needs of VPN, the Company concluded that VPN does not require ongoing funding at this time. By letter dated July 3, 1997, the Company states that it agrees to withdraw its request for approval of the Inter-Company Credit Agreement.

As stated in the application, to ensure that each party to the Agreement pays to the other the appropriate compensation for the services provided, Virginia Power and VPS will maintain accurate records of all costs associated with the services to be provided to the other, and each will fully reimburse those costs to the other.

Virginia Power represents that the Agreement is in the public interest for the following reasons:

1) Proposed arrangements such as the provision of nuclear management services to third parties will provide the Company with a broader base of experience and knowledge that ultimately can be used to provide better service to its electric customers in Virginia.

2) The income generated by nontraditional businesses will strengthen the Company financially and could be used to address issues such as potentially stranded cost that may make it more difficult for Virginia Power to maintain its position in an increasingly competitive electric market.

3) No additional or unnecessary costs will be imposed on Virginia Power's electric customers. On the contrary, the compensation received by Virginia Power for services to support these nontraditional services will help defray a portion of the Company's fixed costs.

4) Increased activity in the businesses in which VPS subsidiaries will engage will enable Virginia Power personnel to keep pace with the most up to date developments and technology related to those businesses and thereby tend to assure that Virginia Power remains in the forefront with respect to such activities.

As proposed in the Agreement, general services to be provided by Virginia Power to VPS for the benefit of VPS and/or some or all of its subsidiaries are executive, payroll, accounting, taxation, budgeting, treasury, internal auditing, risk management, legal, human resources, management and supervision, public affairs, procurement, data processing, telecommunications, workspace requirements, environmental, transportation, and incidental services (the cost of the incidental services will not exceed five percent of the cost of the listed services). Additional services to be provided by Virginia Power to VPS to support VPN include the following: consulting services-Virginia Power may provide a broad range of consulting services related to the operation, maintenance, and post shutdown activities at nuclear plants; training-Virginia Power may provide training for personnel regarding the various technical and non-technical aspects of operation and maintenance of nuclear plants; Virginia Power Management Systems-Virginia Power will make available to VPS the programs and systems developed by Virginia Power for the day-to-day operation and management of its nuclear plants; engineering services-Virginia Power may provide professional engineering services related to the operation and maintenance of nuclear plants, post shutdown activities related to nuclear plants, and the storage and transportation of nuclear fuel; supervisory assistance-Virginia Power may provide personnel at or

below the "superintendent" level (i.e., below management level) for short-term assignments at the plant site of VPN's customer; and business development-Virginia Power may provide services to VPS related to the marketing of VPN's services, identification of new business opportunities for VPN and market research for VPN.

The Agreement proposes that certain services may be provided by VPN, through VPS, to support Virginia Power. It is anticipated that VPN will engage in the business of providing management services to owners of nuclear power plants. From time to time, Virginia Power may desire to utilize VPN personnel in connection with the maintenance or operation of its own nuclear power plants. In such event, VPS will contract for the desired service and will, in turn, pass those services on to Virginia Power. The services may include consulting services, training, engineering, and engineering services as previously described.

Compensation for services to be provided by Virginia Power to VPS under the proposed Agreement will be by reimbursement to Virginia Power of its full cost of providing the services. Such reimbursement of costs will consist of direct charges for direct labor and direct miscellaneous charges; indirect labor charges, which are labor costs that cannot be reasonably charged on a specific man-hour basis and must be allocated in proportion to the direct labor charged by the functional group; indirect miscellaneous charges, which consist of expenses and overheads that cannot be specifically identified with a particular service provided by Virginia Power and therefore, are allocated in the same manner as indirect labor charges; fringe benefit charges to cover the fringe benefit costs associated with the labor charges for services provided by Virginia Power and are applied to both direct labor and indirect labor and include payroll taxes, group hospitalization, group dental, group life, savings plan, retirement plans, success sharing, workers' compensation, unemployment compensation, and disability plans; office space, equipment, and facilities charges to include depreciation and amortization, return component at the rate of return last approved by the Commission, office rental expense, property taxes, property insurance, telephone, utilities, and building and custodial. The Agreement also proposes that Virginia Power will compensate VPS for the services provided to it under the Agreement by payment of the amounts paid by VPS to its subsidiaries, which will be equal to the costs incurred by the VPS subsidiaries to provide those services to VPS.

The specific services to be provided by Virginia Power to VPS and to be made available by VPS to VPN are contained in an appendix (Appendix A) to the application. Virginia Power states that such specific services to be furnished to VPS and to be made available by VPS to other VPS subsidiaries, if any, and the services that VPS may receive from those subsidiaries to be furnished to Virginia Power, will be set forth in appendices to the Agreement, to be identified for each subsidiary separately and sequentially as Appendix B, Appendix C, and so forth. The Company states that those appendices will be filed with the Commission and will become a part of the Agreement.

The Agreement will become effective when it has been approved by the Commission and will continue in effect until terminated by either Virginia Power or VPS by giving the other ninety days' notice of termination.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described Agreement is in the public interest and should be approved subject to the following conditions.

While we find that the business purpose of VPN, as described in the application filed herein, is permitted. We note, however, that the business purposes of additional subsidiaries may not comply with the restrictions of Va. Code § 13.1-620 D. As such, we direct Virginia Power to report to the Commission the addition of subsidiaries, other than VPS and VPN, to the Agreement: we direct Staff to review the business activities of such additional subsidiaries.

We further find the cost of services provided from Virginia Power to VPS are to be priced at the greater of cost or market and the cost of services from VPN through VPS to Virginia Power are to be priced at the ilower of cost or market. Where it is economical for the utility to purchase a service from the market, it should do so. Where it can save money by purchasing from an affiliate at the affiliate's cost, including a reasonable return for the affiliate on the sale, it should do that.

There may be occasions when services will be exchanged for which there is no market price. Where such circumstances exist, Virginia Power shall include evidence or documentation in its annual report on affiliated transactions of its own unsuccessful attempts to acquire such market price. The determination of market price shall be an ongoing process using methods such as competitive bids, appraisals, catalog listings, replacement cost of assets, sales to third parties, etc. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Virginia Electric and Power Company is hereby granted approval of the Affiliate Services Agreement with Virginia Power Services, Inc. under the terms and conditions and for the purposes as described herein.

2) The Applicant shall file monthly financial statements of Virginia Power Services, Inc. and Virginia Power Nuclear Services Company with the Commission's Director of Public Utility Accounting.

3) Should any terms and conditions of the Agreement change from those contained herein, Commission approval shall be required for such changes.

4) The addition of Virginia Power subsidiaries, other than VPS and VPN, to the Agreement shall be reported to the Commission within thirty days of such addition, in the form of an Appendix to the Agreement. Such Appendix shall include a detailed description of the purpose for which the new subsidiary was formed.

5) The approval granted herein shall have no ratemaking implications.

6) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

7) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

8) The Affiliate Services Agreement approved herein shall be included in the Applicant's Annual Report of Affiliate Transactions filed with the Commission's Director of Public Utility Accounting.

9) There appearing nothing further to be done in this matter, it is hereby dismissed.

CASE NO. PUA970008
AUGUST 6, 1997

APPLICATION OF
DELMARVA POWER AND LIGHT COMPANY
and
CONECTIV, INC.

For approvals under Va. Code § 56-88.1 and Chapter 4 of Title 56 of the Code of Virginia

CONSENT ORDER

On February 25, 1997, Delmarva Power & Light Company ("Delmarva") and Conectiv, Inc. ("Conectiv") (collectively, "the Companies") filed a joint application ("the Application"),[1] pursuant to Virginia Code § 56-88.1, for approval of proposed transactions that would result in Conectiv acquiring control of Delmarva. The change in control stems from the proposed merger of Atlantic Energy, Inc. ("Atlantic Energy"), the parent of Atlantic City Electric Company ("Atlantic Electric"), into Conectiv and the merger of DS Sub, Inc. a subsidiary of Conectiv, into Delmarva and results in both Delmarva and Atlantic Electric becoming subsidiaries of Conectiv (hereafter referenced as "the Merger").

On August 1, 1997, the Commission Staff filed, pursuant to Commission orders dated March 19, 1997, and July 10, 1997, a report ("Staff Report") detailing the results of its analysis of the Application. Pursuant to recommendations made in that report, Delmarva and the Commission Staff agree to the following:

1. Delmarva shall not assert, in any future proceeding, that the Commission's ratemaking authority is preempted by federal law with respect to Virginia's retail ratemaking treatment of any charges from any affiliate to Delmarva or from Delmarva to any affiliate;

2. The estimated merger-related savings[2] and costs set forth in the Application appear to be reasonable estimates of the potential savings attributable to the Merger and the costs incurred to achieve such merger;

3. In anticipation of merger-related savings, Delmarva shall reduce its Virginia retail base revenues by an annual revenue amount of $422,000, or approximately 1.52% of total 1996 revenues, effective for service rendered on or after the date of the Closing[3]. The $422,000 revenue reduction represents approximately 50% of the estimated average annual net merger savings for Virginia jurisdictional customers. Such base rate decrease shall be reflected in a compliance filing made within 60 days after issuance of this Order;

4. The revenue reduction shall be apportioned and the rates designed in a manner consistent with the recommendations of the Division of Energy Regulation as detailed in the Staff Report;

5. In the event that Delmarva should agree to return to ratepayers a greater percentage of estimated merger-related savings in other jurisdictions, Delmarva agrees to provide the same percentage of savings to its Virginia jurisdictional customers, but in no event shall such savings be less than the $422,000. In such event Delmarva shall submit to the Division of Public Utility Accounting a copy of the settlement agreement together with a comparison showing how the rate reduction is calculated;

6. Should actual merger-related savings be greater than the estimates reflected herein, such additional savings may be at issue in any future Annual Informational Filing ("AIF") or other filing or proceeding addressing rates, commencing with test year 1998;

7. All merger-related savings shall be recorded above the line for purposes of Delmarva's AIFs or other filings or proceedings addressing rates;

8. For purposes of Delmarva's AIFs or other filings or proceedings addressing rates, the nonrecurring out-of-pocket cash costs to achieve the Merger shall be amortized over 10 years, commencing as of the date of the Closing. Delmarva shall file a report with the Commission describing all of its then-known actual nonrecurring out-of-pocket merger-related costs within 180 days after the date of the Closing;

9. Commencing with test year 1998 the unamortized balance of the deferred costs to achieve the merger shall be subject to write-off or write-down in the event of a per books over-earnings situation as provided in Case No. PUE940063;[4]

---

[1] The Agreement and Plan of Merger dated August 9, 1996, as amended and restated as of December 26, 1996, was included as Exhibit A of the Application.

[2] Merger savings will result from elimination of duplication in corporate and administrative programs, greater efficiencies in operations and business processes, increased purchasing efficiencies and the combination of two work forces.

[3] "Closing" refers to the date of the consummation of the Merger.

[4] Application of Appalachian Power Company. For an expedited increase in base rates, Case No. PUE940063, 1996 S.C.C. Ann. Rept. 255.

10. Without prior Commission approval Delmarva agrees not to include in Virginia retail rates any costs attributable to Atlantic Energy's power supply costs and/or regulatory assets;

11. Delmarva shall not include any merger-related costs in excess of merger-related savings in Virginia retail base rates in any test year. To comply with this commitment, Delmarva shall: (i) quantify, in accordance with generally accepted accounting principles, the direct, indirect and internal merger-related costs attributable to the period used to establish Virginia retail base rates; and (ii) demonstrate that merger-related savings for the same time period exceed such merger-related costs; and

12. Delmarva acknowledges and agrees that the one for one stock conversion authority requested in its application to execute the merger only extends to shares of Delmarva stock previously authorized by the Commission and outstanding on the date of the Closing, and that such authority does not extend to any other affiliate or nonaffiliate financing authority.

THE COMMISSION , having considered the joint request of Delmarva and Staff and applicable law, is of the opinion that adequate service at just and reasonable rates will not be impaired or jeopardized by Delmarva becoming a subsidiary of Conectiv and by Conectiv acquiring control of Delmarva pursuant to the terms and conditions set forth in the Merger Agreement, subject to the conditions agreed upon as set forth herein. The Commission is of the further opinion that the affiliate arrangements by which Support Conectiv will provide various services to Delmarva and that Delmarva will provide to Support Conectiv should be considered in a separate docket. Accordingly,

IT IS ORDERED THAT:

(1) The joint application of Delmarva and Conectiv of proposed transactions that will result in Delmarva becoming a subsidiary of Conectiv and Conectiv acquiring control of Delmarva be, and hereby is, approved subject to the terms and conditions as set forth in the Merger Agreement and the conditions agreed upon as detailed herein.

(2) Within 60 days of the Closing Delmarva shall file appropriate tariffs with the Division of Energy Regulation that reflect the rate design described herein.

(3) The affiliate arrangements by which Support Conectiv will provide various services to Delmarva and by which Delmarva will provide to Support Conectiv and arrangements by which various non-utility subsidiaries of Delmarva are made direct subsidiaries of Conectiv shall be considered in a separate docket; namely, Case No. PUA970040.

(4) There being nothing further to be done in this matter, it be, and hereby is, dismissed from the Commission's docket of active cases.

CASE NO. PUA970010
JUNE 18, 1997

JOINT APPLICATION OF
DELMARVA POWER & LIGHT AND CONECTIV COMMUNICATIONS, INC.

For approval of transactions under Chapters 4 and 5 of Title 56 of the Code of Virginia

ORDER GRANTING APPROVAL

Delmarva Power & Light Company ("Delmarva," "Company") and Conectiv Communications, Inc. ("CCI"), collectively referred to as "Applicants", filed an application with the Commission under the Utility Transfers Act and the Public Utilities Affiliates Act requesting approval of the following transactions: 1) the transfer of the fiber optic network and associated electronics, network control hardware, and microwave communications equipment ("the Telecom Assets") and related utility/non-utility communication assets from Delmarva to CCI; 2) the providing of telecommunication services by CCI to Delmarva; and 3) the providing of services by Delmarva to CCI.

CCI is a wholly-owned subsidiary of Delmarva incorporated in Delaware. CCI was formed to carry out the transactions described in the application, in part, in anticipation of changes in the corporate structure contemplated by the Delmarva-Atlantic Energy, Inc. merger and the requirements of the Telecommunications Act of 1996.

In 1987, the Company began construction of a fiber optic network to support the Company's internal telecommunications needs. The fiber optic network is comprised of a ring extending from Newark, Delaware, to Salisbury, Maryland. The internal network carries voice and data traffic in support of the Company's electric and gas service operations.

CCI proposes to purchase Delmarva's Telecom Assets and related utility/non-utility communication assets, commercialize the fiber optic network, and use it to provide telecommunications services to the public and Delmarva. CCI expects to provide services directly, or indirectly, through other entities in the States of Delaware, Pennsylvania, New Jersey and Maryland and elsewhere in the mid-Atlantic region. CCI also proposes to offer telecommunications, engineering and construction services using its own and Delmarva personnel. Except to the extent of providing services to Delmarva, CCI has no current plans to provide telecommunications services anywhere within the Commonwealth of Virginia.

The Company proposes to transfer its Telecom Assets at their net book value, as of the closing date, to CCI. The net book value of the Telecom Assets at October 31, 1996, is $7,273,094. The Company retained an appraiser to provide an independent appraisal of the Telecom Assets. The appraisal report reflected an estimated fair market value of $6,763,000 as of October 31, 1996, $510,094 below net book value. In order to ensure that the transaction is fair to the Company's electric and gas customers, CCI will pay the net book value for the Telecom Assets. The portion of the Telecom Assets located in Virginia consists of three sets of microwave relay equipment, which have an original budgeted cost of $648,559 and an estimated fair market value of $440,000.

The Company also proposes to transfer the related utility/non-utility communication assets at their book value, as of the closing date, to CCI. The utility/non-utility communication assets have a book value of $2,010,144, as of October 31, 1996, and consist of the following: 1) $918,500 of construction work in progress (CWIP) related to the fiber optic network; 2) $500,842 of non-utility CWIP expended to begin commercialization of the network; 3) $590,802 for non-utility telecommunication assets; 4) miscellaneous telecommunications spare parts inventory; and 5) four existing contracts to provide telecommunications services to unaffiliated third parties.

As stated in the application, CCI will serve the internal telecommunications needs Delmarva has provided to itself. CCI will do so, however, at a rate that is less than the cost Delmarva has been incurring to provide these services for itself. Delmarva's current projected expenditures for internal telecommunications services utilizing the existing fiber optic network, including operating expenses, depreciation, taxes and return on investment is $2.5 million per year. CCI will charge Delmarva $2.25 million annually, which represents a ten percent savings. The savings is based on eliminating the return associated with the assets being transferred. Except as may be prohibited by law, Delmarva will have priority call on CCI's fiber optic network. Also, Delmarva is not obligated to CCI for any specified period and can solicit and/or procure some or all of its telecommunications services from any other source that may offer a lower price or better terms than CCI. Also, any new telecommunications services Delmarva requires will be offered by CCI at market rates.

The Company is also proposing to provide the following services to CCI: 1) construction, operation and maintenance as related to the Telecom Assets; 2) marketing; 3) telephone center personnel and information technology systems; 4) general oversight of business operations; and 5) other miscellaneous services. The Company states that the price to be charged to CCI for services will be no less than the cost of providing such services, including an allocation for overheads and infrastructure.

The Company also states that, except for the sale of telecommunication services to Delmarva by CCI, no expenses or revenues related to CCI activities will be included in Delmarva's cost of service for electric ratemaking purposes.

THE COMMISSION, upon consideration of the application and representations of the Applicants and having been advised by its Staff, is of the opinion and finds that the above described transfer of utility assets would neither impair nor jeopardize adequate service to the public at just and reasonable rates and the above described providing of telecommunication services by Conectiv to Delmarva and providing of services by Delmarva to Conectiv would be in the public interest and should be approved. Accordingly,

IT IS ORDERED:

1) That, pursuant to §§ 56-89 and 56-90 of the Code of Virginia, Delmarva Power & Light Company is hereby authorized to transfer to, and Conectiv Communications, Inc. is hereby authorized to purchase from, Delmarva Power & Light Company the Telecom Assets at their net book value and related utility/non-utility communication assets at their book value as of the closing date of the transfer;

2) That, on or before July 31, 1997, Applicants shall file a report of the action taken, such report to include the date of transfer, bill of sale, description of each asset, and the accounting entries reflecting the transaction;

3) That this matter shall be continued generally subject to the continuing review, audit, and appropriate directive of the Commission;

4) That, pursuant to § 56-77 of the Code of Virginia, Delmarva Power & Light Company is hereby authorized to enter into an agreement for the providing of telecommunication services by Conectiv Communications, Inc. under the terms and conditions described herein;

5) That such agreement for services to be provided by Conectiv Communications, Inc. to Delmarva Power and Light Company be filed with this Commission on or before July 31, 1997;

6) That should any terms and conditions for the providing of telecommunication services by Conectiv Communications, Inc. change from those described herein, Commission approval shall be required for such changes;

7) That, pursuant to § 56-77 of the Code of Virginia, Delmarva Power & Light Company is hereby authorized to enter into an agreement for the providing of services to Conective Communications, Inc. under the terms and conditions described herein;

8) That should any terms and conditions for the providing of services by Delmarva Power & Light Company change from those described herein, Commission approval shall be required for such changes;

9) That the authority granted herein regarding the providing of services by the Applicants shall have no ratemaking implications;

10) That the authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

11) That 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, pursuant to § 56-79 of the Code of Virginia;

12) That Delmarva Power & Light Company shall file an Annual Affiliated Transaction Report for all affiliated transactions with the Director of Public Accounting by no later than April 1 of each year, for the preceding calendar year, the first of such report due on or before April 1, 1998. Such report shall include the following affiliate information: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; 4) total dollar amount of each affiliate transaction; 5) component costs of each transaction where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, overhead, etc.); 6) profit component of each transaction, even if excluded, where services are provided to an affiliate; 7) comparable market value of each transaction where services are provided to an affiliate; 8) percent/dollar amount of each affiliate transaction charged to expense and/or capital accounts; 9) allocation basis/factors for allocated costs; and 10) comparative market values/documentation where services are received from an affiliate;

13) That such report shall include all agreements with affiliates regardless of the amount involved and shall supersede all other affiliate reporting requirements previously ordered;

14) That Delmarva Power & Light Company shall include the affiliate information required in ordering paragraph 12 above for all affiliated transactions in its Annual Informational and/or General Rate Case Filings if not based on a calendar year; and

15) That this matter shall be continued generally subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUA970012
DECEMBER 16, 1997

APPLICATION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For authorization regarding service plan administration

ORDER GRANTING AUTHORITY

Northern Virginia Electric Cooperative ("NOVEC," the "Cooperative," the "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act requesting approval of a Cost Allocation and Service Agreement with its wholly-owned subsidiary, NOVASTAR, Inc. ("NOVASTAR"). In its application, NOVEC proposes that NOVASTAR will become a wholly-owned subsidiary of NOVEC to provide beneficial goods and services throughout the region. Such planned services, as amended by the Cooperative in its letters dated August 28, 1997, and September 30, 1997, are (1) the sale and installation of satellite television services and (2) the provision of small appliance warranty services. Pursuant to the Cost Allocation and Service Agreement (the "Service Agreement"), NOVEC will provide to NOVASTAR the following services:

1) NOVEC will assist NOVASTAR with its general operations, financing requirements, financial management, and general corporate matters. NOVEC agrees to provide these services to NOVASTAR and will maintain accurate records of the time devoted by NOVEC personnel to the work of NOVASTAR. NOVASTAR agrees to compensate NOVEC the full salary and /or wage and benefits package plus the allocable portion of an annual average applicable overhead re-calculated annually in place for NOVEC personnel performing the services requested by NOVASTAR.

2) NOVEC will provide transportation services and other indirect resources required to fulfill the service requirements of NOVASTAR. NOVASTAR will compensate NOVEC for such services in accordance with the per mile rate established annually by the Internal Revenue Service.

3) NOVEC will lease the required space and utilities requested by NOVASTAR. NOVASTAR will compensate the Cooperative the pro-rata per square foot total operating costs for the space being made available. NOVASTAR agrees to remit to NOVEC the allocated portion of any indirect resources not specifically identified in accordance with the standard depreciation schedule associated with the resource in question.

4) NOVEC will provide NOVASTAR access to its customer base on an exclusive fee for service basis. NOVASTAR will treat and maintain NOVEC's customer database as confidential property.

5) The Cooperative will provide NOVASTAR with data processing services, network services, including programming, system operations, batch job scheduling and production and data base management. NOVASTAR will pay a pre-determined fixed access charge for disk storage, network connect time, and CPU processing time as well as a per customer volumetric charge for the provision of information services in accordance with NOVASTAR's requirements.

6) NOVASTAR will also be provided by NOVEC the non-exclusive right to jointly bill certain services offered or planned to be offered by NOVASTAR. NOVEC will have the exclusive right as to whether a service will be allowed to be included in the joint billing. NOVASTAR will pay an agency fee for this non-exclusive right.

The Service Agreement is proposed because NOVASTAR is planned to initially be unstaffed. NOVEC states that the initial economic and administrative complexities associated with NOVASTAR dictate that it contract for such services during its initial start-up phase. The Service Agreement does not require services needed by NOVASTAR to be obtained from NOVEC. The Service Agreement may be terminated by either party upon ninety days' prior written notice.

THE COMMISSION, upon consideration of the application and representation of the Applicant and having been advised by its Staff, is of the opinion and finds that the Cost Allocation and Service Agreement is in the public interest and should be approved. However, the approval of the Service Agreement should apply only for the provision of satellite television services and appliance warranty services by NOVASTAR as described in the application. The authority granted herein is not to include support for the provision of any other services to be provided by NOVASTAR without specific Commission approval. Services provided by NOVEC to NOVASTAR should be at the higher of cost, plus a reasonable return, or the market price for such services. The determination of market price shall be an ongoing process using methods such as competitive bids, appraisals, catalog listings, replacement cost of assets, and sales to third parties. If there are situations in which NOVEC believes that there are services provided for which there is no market price, the Cooperative shall provide evidence or documentation in its Annual Report of Affiliate Transactions of its unsuccessful attempts to acquire such a market price. To ensure a clear understanding of services to be provided by NOVEC to NOVASTAR, NOVEC shall file a revised agreement with the complete descriptions of services to be provided and methodologies for determining charges to NOVASTAR. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Northern Virginia Electric Cooperative is hereby granted authority for the Cost Allocation and Service Agreement with its affiliate, NOVASTAR, Inc., under the terms and conditions and for the purposes as described herein subject to the

following modification: where a market price exists for services provided to NOVASTAR, NOVEC shall recover the greater of cost, plus a reasonable return, or market price for services provided.

2) Within sixty days of the date of this Order, the Applicant shall file with the Commission an executed copy of a revised Cost Allocation and Service Agreement. Such revised Service Agreement shall contain specific categories of services to be provided by NOVEC to NOVASTAR with specific services under each category as well as specific descriptions as to how costs will be charged to NOVASTAR for services provided including specific methodologies for determining charges and/or allocations.

3) The authority granted herein for services to be provided to NOVASTAR are for the support of NOVASTAR's provision of satellite television services and appliance warranty services only. Any other services to be provided by NOVASTAR are excluded.

4) The authority granted herein shall have no ratemaking implications.

5) The authority granted herein does not include the provision of any services by NOVASTAR to NOVEC.

6) The approval granted herein shall not preclude the Commission from exercising the provisions of Virginia Code §§ 56-78 and 56-80 hereafter.

7) Should there be any changes in the terms and conditions of the Service Agreement, including support for additional services to be provided by NOVASTAR, from those contained herein, Commission approval shall be required for such changes.

8) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to Virginia Code § 56-79.

9) The Applicant shall file with the Director of Public Utility Accounting a copy of the system of accounts established for NOVASTAR within thirty days of establishing the system of accounts.

10) The Applicant shall file an Annual Report of Affiliate Transactions with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year, beginning April 1, 1998, providing certain information on all affiliate transactions for the preceding calendar year. Information to be included is as follows: affiliate's name, description of each affiliate transaction, dates of each affiliate transaction, and total dollar amount of each transaction. The report shall include all agreements with affiliates regardless of the amount involved and shall supersede all other reporting requirements previously ordered. In the report, the Applicant shall include evidence or documentation of any unsuccessful attempts to obtain market price data for services provided.

11) This matter shall be continued generally subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUA970013
JULY 21, 1997

APPLICATION OF
CLIFTON FORGE-WAYNESBORO TELEPHONE COMPANY

For approval to transfer coin telephone equipment to an affiliate, CFW Network Inc.

ORDER GRANTING APPROVAL

Clifton Forge-Waynesboro Telephone Company ("CFW Telephone", "Company", "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act for approval to transfer coin telephone equipment to an affiliate, CFW Network, Inc. Local exchange companies (such as CFW Telephone) have been ordered by the Federal Communications Commission ("the FCC") in its Order of Reconsideration, (FCC 94-439), to deregulate coin telephone equipment in compliance with Section 276 of the Telecommunications Act of 1996. The FCC ordered coin station equipment be removed from Account 32.23511 and assets be transferred through an affiliate transaction.

Company proposes to transfer to CFW Network all coin telephone terminal equipment. The net book value of this equipment as of December 31, 1996, is $37,857. This equipment will be transferred by Company to CFW Network for a cash payment equal to the net book value.

Following approval of the transfer of this equipment, the tariff provisions of CFW Telephone relating to certain coin telephone services will be withdrawn. CFW Telephone and CFW Network respectfully request that the Commission approve the transfer of coin telephone equipment effective April 15, 1997, because Company intends to file revised tariff pages to take effect on that date, as ordered by the FCC.

THE COMMISSION, upon consideration of the application and representation of Applicant and having been advised by its Staff, is of the opinion and finds that the above-described transfer of coin telephone equipment to an affiliate would be in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, CFW Telephone is hereby granted approval to transfer its coin telephone equipment to its affiliate, CFW Network as described herein.

2) The approval granted herein shall have no ratemaking implications.

3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

4) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

5) Applicant shall file a Report of Action no later than September 30, 1997. The Report of Action shall contain the date of transfer, the transfer price, and the accounting entries reflecting the transfer.

6) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970020
AUGUST 6, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
GTE SOUTH INCORPORATED,
Defendant

SETTLEMENT ORDER

Chapter 4 of Title 56 of the Virginia Code regulates the relations a public service company may have with its affiliated interests. In particular, Virginia Code ("the Code") § 56-77 provides that certain contracts or arrangements between a public service company and any affiliated interest are not valid or effective unless they have been approved by the Commission.

GTE South Incorporated ("GTE South"), GTE Data Services Incorporated ("GTEDS"), and GTE Government Systems Corporation ("Gov Sys") are affiliated interests as defined by Virginia Code § 56-76. Gov Sys has provided certain services for the benefit of GTEDS and other affiliated entities, including GTE South, pursuant to a Master Service Agreement dated July 7, 1994. Gov Sys has also provided services for the above referenced affiliated entities, pursuant to the Master Agreement For Software Development dated August 8, 1994. The Master Service Agreement and Master Agreement For Software Development were filed with the Commission on May 13, 1996, and were approved retroactive to the effective date of such agreements pursuant to a Commission order entered on April 15, 1997, in Case No. PUA960030.

GTE South, GTE-North Incorporated, GTE Southwest, Incorporated, and GTE Mobilnet Service Corporation ("Mobilnet") are also affiliated interests as defined by Va. Code § 56-76. GTE South has provided enhanced directory assistance services to Mobilnet subscribers, including call completion, pursuant to a CMRS Star Information Plus Service Agreement dated March 21, 1996. That agreement was filed with the Commission on March 26, 1996, and was subsequently approved retroactive to its effective date pursuant to a Commission order entered on June 27, 1997, in Case No. PUA960023.

GTE South and GTE Intelligent Network Services Incorporated ("GTEINS") are also affiliated interests as defined by the above referenced section of the Code. GTEINS has provided Internet Access services to GTE Telephone Operating Companies, including GTE South, pursuant to the Internet Access Service Agreement dated July 1, 1996. That agreement was filed with the Commission on August 13, 1996, and was subsequently approved retroactive to the effective date of the agreement pursuant to a Commission order entered on April 23, 1997, in Case No. PUA960053.

GTE South acknowledges making late filings in connection with the above referenced transactions.[1] The Company also acknowledges that the Commission is vested with the authority to impose sanctions against public service companies under Virginia Code § 56-85 for violations of the Affiliates Act.

As an offer to settle all matters arising from the above described unauthorized affiliate transactions, GTE undertakes that:

(1) GTE South will reimburse the Commission $648.00 as an appropriate amount for its investigative costs relating to this matter. Payment will be made by check payable to the Treasurer of the Commonwealth of Virginia and directed to the attention of the Director of the Commission's Division of Public Utility Accounting.

(2) GTE South will pay a fine of $70,000 to the Commonwealth of Virginia. Payment will be made by check payable to the Treasurer of the Commonwealth of Virginia and directed to the attention of the Director of the Commission's Division of Public Utility Accounting.

THE COMMISSION, being fully advised in the premises and 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 should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by Virginia Code § 12.1-15, the offer of settlement made by GTE South be, and it hereby is, accepted.

(2) Pursuant to Virginia Code § 56-85, GTE South shall make payment in the amount of $70,648.00.

---

[1] In applications filed on May 13, 1996 (Case No. PUA960030), March 26, 1996 (Case No. PUA960023), and August 13, 1996 (Case No. PUA960053), GTE requested retroactive approval of the agreements described herein.

(3) The sum of $70,648.00 tendered contemporaneously with this order is accepted.

(4) This matter be closed and the papers placed in the file for ended causes.

CASE NO. PUA970021
SEPTEMBER 11, 1997

APPLICATION OF
GTE SOUTH INCORPORATED

For approval of affiliate agreement with GTE Card Services Incorporated, d/b/a GTE Long Distance

ORDER GRANTING APPROVAL

GTE South Incorporated ("GTE South", "Company") has filed an application with the Commission under the Public Utility Affiliates Act requesting approval of an agreement ("Agreement") with its affiliate, GTE Card Services Incorporated, d/b/a GTE Long Distance ("GTE Card Services", "Affiliate") and the GTE Service Corporation for the provision of internal telecommunications services, traditionally referred to as official company traffic. GTE Card Services is a Delaware corporation. It is an interexchange reseller providing Interstate and International services pursuant to tariffs on file with the Federal Communications Commission and intrastate services pursuant to tariffs on file with the various state regulatory commissions. GTE Card Services also provides certain telecommunications services pursuant to written agreements.

In the application, the Company states that it has a high demand for internal telecommunications services to communicate with other GTE employees and customers. On an annual basis, GTE South - Virginia Operations incurs approximately $598,000 in official company outbound toll expenses. In order to gain efficiencies and synergies, GTE Service Corporation entered into an agreement on behalf of itself and other affiliates, including GTE South, with GTE Card Services to obtain telecommunications services as required for official company traffic (IX Transport Services).

The Company states in its application that the various GTE Telephone Operating Companies ("GTOCs") obtained official company services on an individual company basis. The Agreement replaces this approach and affords the Company with the opportunity to obtain the required services at a more attractive cost and with increased administrative efficiency. The Agreement will be used to acquire essential telecommunications requirements in those instances where it is deemed efficient to do so. The Agreement will be utilized when its prices are comparable with market conditions, except in those instances where carrier diversification is required. The Company also states that when a change in existing capabilities for official telecommunications services is desired, price quotes will be obtained from other carriers as well as GTE Card Services.

In its application, GTE South estimated that its Virginia Operations will have annual savings of $26,851 when purchasing official company services (outbound 1+ traffic) pursuant to the Agreement. The savings are a result of replacing a service previously purchased directly from AT&T for an average of $.2924 per minute with one from GTE Card Services costing an average of $.1147 per minute. These rates can vary from year to year depending on economic/business conditions and the amount of services being purchased under the Agreement.

The Company states in the application that GTE Telephone Operations will be responsible for charging the costs sent by invoice from GTE Card Services directly to the departmental users. If the official calls cannot be identified by "budget center" (departmental user), the costs are allocated. GTE South asserts that the costs allocated, on average, are generally less than five percent of the total expense.

GTE South also represents that it will utilize a competitive process to determine the ultimate carrier of company official traffic. This process includes the use of four carriers for its official outbound traffic. The Company states that this strategy is useful, because it allows comparisons of the carriers' services in terms of features, price, call carrying effectiveness, reliability, support and flexibility. The contract rates for each carrier are negotiated every three to four years at the GTE Corporation level. GTE South asserts that its ultimate objectives is to lower toll expense by using the lowest priced carrier, while still maintaining the required quality.

The Agreement was filed with the Commission April 30, 1997. The Company has used some services from the Agreement prior to this time, so it has asked for retroactive approval as of March 1, 1997. The Company asserts that retroactive approval is appropriate, because the Agreement lowers rates for toll services which results in lower administrative and operating costs and the amount for which retroactive approval is sought is de minimis.

THE COMMISSION, upon consideration of the application and representations of GTE South and having been advised by its Staff, is of the opinion and finds that the above-described Agreement would be in the public interest and should be approved subject to the pricing policy as outlined in the Commission's Order dated August 7, 1997, in Case NO. PUC950019. This policy is as follows: where it is most economical for the utility to purchase the product or service from the market, it should do so and where it can save money by purchasing from an affiliate at cost, including a reasonable return for the affiliate on the transaction, it should do that. Where the Company proposes that the Commission set rates for these transactions, the charges must be based on the affiliate's cost, including a reasonable return, so long as this cost does not exceed the market price. Where the affiliate sells goods/services to an affiliate, then the utility must recover from the affiliate the greater of cost plus a reasonable return or market price. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, GTE South Incorporated is hereby granted approval of the Agreement with GTE Card Services as described herein retroactive to March 1, 1997, for a term 36 months, subject to the pricing policy of lower of cost or market for services purchased by the utility from an affiliate, as stated above;

2) That should any terms and conditions of the Agreement change from those contained in this application, Commission approval shall be required for such changes;

3) That Applicant shall adhere to the provisions of § 56-77 of the Code of Virginia before executing any contracts, agreements or amendments in the future;

4) That the approval granted herein shall in no way be deemed to include the recovery of any costs or charges in connection with the Agreement for ratemaking purposes;

5) That the approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

6) That 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, pursuant to § 56-79 of the Code of Virginia;

7) That Applicant shall include transactions related to this Agreement in its Annual Affiliated Transactions Report to be filed with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year beginning April 1, 1998, (by order entered on April 19, 1997, in Case No. PUA960030);

8) That such annual affiliates report shall also include the following affiliate information: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; 4) total dollar amount of each affiliate transaction; 5) component costs of each transaction where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overhead); 6) profit component of each transaction where services are provided to an affiliate; 7) comparable market value of each transaction where services are provided to an affiliate; 8) percent/dollar amount of each affiliate transaction charged to expense and/or capital accounts; 9) allocation bases/factors for allocated costs; and 10) comparative market values/documentation where services are received from an affiliate. The report shall include all agreements with affiliates regardless of amount involved and shall supersede all other affiliate reporting requirements previously ordered;

9) That for purposes of Virginia rate proceedings, such as Annual Informational Filings pursuant to the order in Case No. PUC930036 and Rate Cases filed in accordance with the rules in Case No. PUE850022, GTE South shall show compliance with the pricing policy outlined in ordering paragraph one;

10) That there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970022
MAY 28, 1997

JOINT APPLICATION OF
GTE SOUTH, INC., GTE DATA SERVICES, INC.
AND GTE GOVERNMENT SYSTEMS CORPORATION

For approval of an affiliate agreement

ORDER GRANTING APPROVAL

GTE South Incorporated ("GTE South", "Company") has filed an application with the Commission under the Public Utilities Affiliates Act requesting approval of an amendment to an affiliate agreement, the Master Agreement For Software Development (Agreement"), between GTE Data Services Incorporated ("GTEDS") and GTE Government Systems Corporation ("GovSys").

As stated in the application, GTEDS is a Delaware corporation. GTEDS is an international corporation in the data processing industry and provides computer processing and professional information management services to GTE Telephone Operations in the United States, Canada and the Dominican Republic as well as numerous customers in targeted commercial markets. It is a wholly owned subsidiary of GTE Corporation and, as such, is an affiliate of GTE South.

GovSys is also a Delaware corporation that is a leader in the advancement of the development of telecommunications, international intelligence systems and communications switching as well as a major systems integrator of customized systems for defense, government and industry. It also is a wholly owned subsidiary of GTE Corporation and, as such, is an affiliate of GTE South.

As indicated in the application, by a joint application filed with the Commission on May 31, 1996, the parties sought Commission approval of two separate affiliate agreements, the Master Service Agreement dated July 7, 1994, and the Master Agreement For Software Development dated August 8, 1996 ("Agreements"). By an order entered on April 19, 1997, in Case No. PUA960030, the Commission approved both of the Agreements.

The Master Agreement For Software Development was executed to establish generic terms and conditions for as many business related issues as possible when GTE Corporation engages GovSys to develop, enhance, create and support software products and related materials on its behalf. Issues addressed include software product and commercial equipment warranties, post-warranty software maintenance and support, payment terms, dispute resolution, infringement indemnity, intellectual property rights, treatment of confidential information, computer access and key personnel.

Under the Agreement, the services/projects to be provided are described in Statements of Work ("SOW"). The SOWs further describe project deliverables, schedules, warranties, costs and any other terms specific to a project.

The parties seek approval of an amendment to the Agreement pursuant to Ordering Paragraph 4 in Case No. PUA960030. The primary purpose of the amendment is to extend the term of the Agreement through September 30, 1998. The parties also state that all other substantive terms and conditions of the original agreement remain intact.

The Company represents that approval will not result in it providing any subsidy to GovSys or GTEDS or any other nonregulated entity, nor will the Company be exposing itself to any unnecessary business risks. In addition. the Agreement contains a "Most Favored Customer" clause whereby GovSys represents that the provisions of the agreement is equal to or better than the equivalent provisions being offered to its most favored customers.

THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that the above-described amendment to the Agreement is in the public interest and should be approved on a retroactive basis. However, the Commission is concerned with the Company's repetitive tardiness in filing for approval of affiliate agreements, and we note the delay in filing for approval in this proceeding. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, GTE South Incorporated is hereby granted approval of the Master Agreement For Software Development between GTE Data Services Incorporated and GTE Government Systems Corporation retroactive to August 8, 1996, under the terms and conditions as described herein;

2) That should any terms and conditions of the Master Agreement For Software Development change from those contained in this application, Commission approval shall be required for such changes;

3) That Applicant shall adhere to the provisions of § 56-77 of the Code of Virginia before executing any contracts, agreements or amendments in the future;

4) That the approval granted herein shall in no way be deemed to include the recovery of any costs or charges in connection with the Master Agreement For Software Development for ratemaking purposes;

5) That the approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

6) That 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, pursuant to § 56-79 of the Code of Virginia;

7) That Applicant shall file an Annual Affiliated Transaction Report for all affiliate transactions with the Director of Public Utility Accounting by no later than April 1 of each year, for the preceding calendar year, the first of such report due on or before April 1, 1998. Such report shall include the following affiliate information: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; 4) total dollar amount of each affiliate transaction; 5) component costs of each transaction where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, overhead, etc.); 6) profit component of each transaction where services are provided to an affiliate; 7) comparable market value of each transaction where services are provided to an affiliate 8) percent/dollar amount of each affiliate transaction charged to expense and/or capital accounts; 9) allocation bases/factors for allocated costs; and 10) comparative market values/documentation where services are received from an affiliate;

8) That such report shall include all agreements with affiliates regardless of the amount involved and shall supersede all other affiliate reporting requirements previously ordered; and

9) That there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970023
SEPTEMBER 4, 1997

APPLICATION OF
PEOPLES MUTUAL TELEPHONE COMPANY

For approval to lease a parcel of land from E. B. Fitzgerald, III, Trustee

ORDER GRANTING APPROVAL

Peoples Mutual Telephone Company ("Peoples Mutual", "Company", "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act for approval to enter into a lease agreement with E. B. Fitzgerald, III, Trustee. The property involved is a lot containing .17 acre with a small house of 725 sq. ft., and is immediately adjacent to the Gretna Central Office of Peoples Mutual. Company states in its application that, as the telephone company grows, there is more and more need for additional parking space and additional storage land and buildings. The initial term of the Lease shall be for ten years, commencing January 1, 1997, at a proposed cost of $400 per month. In addition to the rent, Lessee shall:

(a) be responsible for and pay all personal property taxes.

(b) be responsible for providing and paying for all maintenance, repair or replacement of the heating, cooling, plumbing and electrical equipment and fixtures.

(c) be responsible for providing and paying for all fuel, electricity, telephone, cable and other utilities.

(d) provide and pay for all ordinary maintenance.

(e) provide for all casualty, liability and property insurance.

THE COMMISSION, upon consideration of the application and representation of Applicant and having been advised by its Staff, is of the opinion and finds that the above-described lease of land would be in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Peoples Mutual is hereby granted approval to enter into a contract with its affiliate, E. B. Fitzgerald, III, Trustee, for the purpose of leasing a parcel of land from E. B. Fitzgerald, III, Trustee, as described herein.

2) The authority granted herein shall expire on December 31, 2007, and any extensions of the Lease shall require subsequent Commission approval.

3) The authority granted herein shall in no way be deemed to include the recovery of any costs or charges in connection with the approval granted herein for ratemaking purposes.

4) The authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 an 56-80 of the Code of Virginia hereafter.

5) Should any terms and conditions of the lease agreement authorized herein change from those described herein, Commission approval shall be required for such changes.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

7) The Applicant shall file an Annual Report of Affiliate Transactions with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year beginning April 1, 1998, providing certain information on all affiliate transactions for the preceding calendar year. Information to be included is as follows: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; 4) and total dollar amount of each transaction. The report shall include all agreements with affiliates regardless of the amount involved and shall supersede all other reporting requirements previously ordered.

8) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970024
SEPTEMBER 9, 1997

APPLICATION OF
GTE SOUTH INCORPORATED

For approval of an affiliate agreement

ORDER GRANTING APPROVAL

On May 23, 1997, GTE South Incorporated ("GTE South," "the Company," "the Applicant") filed an application with the Commission under the Public Utilities Affiliates Act requesting approval of an Operator Assistance Agreement ("the Agreement") with GTE Card Services Incorporated, d/b/a GTE Long Distance ("GTELD," "the Affiliate"). As stated in the application, based upon a competitive bidding process, GTELD has awarded GTE Telephone Operating Companies ("the GTOCs"), including GTE South, an Operator Assistance Agreement, under which GTE South may provide certain operator assistance services to GTELD at rates prescribed in the Agreement. The services that GTE South will provide under the Agreement will include, but not be limited to, processing for mechanized calling cards, assisting an end-user customer when that customer chooses to utilize operator assistance, and the provision of magnetic billing tapes for call recording services.

As stated in the application, the Agreement is to be nationwide in scope and will include other GTOCs in addition to GTE South. GTELD's traffic will be served by the GTOCs' Operator Service System ("OSS") for an initial three-year period as outlined in the Agreement. GTELD's traffic will begin being served from the GTOCs' OSS on or before September 1, 1997, but in no event before March 18, 1997. GTELD will have volume commitments for 1997 through 1999. The incremental revenue for the first year for the GTOCs will be $310,716 of which $9,011 is expected to be generated in Virginia. The Company states that pricing, term, and other conditions contained in the Agreement are similar to the pricing, term, and other conditions that would be offered by GTE South to other long distance services providers having equivalent traffic volumes.

The Company represents that the Agreement will not result in GTE South providing any subsidy to GTELD or any other nonregulated entity, nor will the Company be exposing itself to any unnecessary business risk. GTE South further represents that the Agreement is beneficial to its ratepayers since it provides an additional source of revenue to the Company and is an innovative, diversified, and reliable service offering, which benefits the public interest.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described Operator Assistance Agreement with GTELD is in the public interest and should be approved subject to the pricing policy as outlined in the Commission's Order dated August 7, 1997, in Case No. PUC950019: Where it is most economical for the utility to purchase the product or service from the market, it should do so and where it can save money by purchasing from an affiliate at the affiliate's cost, including a reasonable return for the affiliate on the transaction, it should do that. Where the Company proposes that the Commission set rates based on charges from an affiliate, the charges must be based on the affiliate's cost, including a reasonable return, so long as this cost does not exceed the market

price. Where the affiliate sells goods/services to an affiliate, then the utility must recover from the affiliate the greater of cost plus a reasonable return or market price. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, GTE South Incorporated is hereby granted approval of the Operator Assistance Agreement with GTE Card Services Incorporated, d/b/a GTE Long Distance, under the terms and conditions and for the purposes as described herein subject to the pricing policy as outlined in the Commission's Order dated August 7, 1997, in Case No. PUC950019: Where it is most economical for the utility to purchase the product or service from the market, it should do so and where it can save money by purchasing from an affiliate at the affiliate's cost, including a reasonable return for the affiliate on the transaction, it should do that. Where the Company proposes that the Commission set rates based on charges from an affiliate, the charges must be based on the affiliate's cost, including a reasonable return, so long as this cost does not exceed the market price. Where the affiliate sells goods/services to an affiliate, then the utility must recover from the affiliate the greater of cost plus a reasonable return or market price.

2) The approval granted herein shall have no ratemaking implications.

3) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

4) Should there be any changes in the terms and conditions of the Agreement from those contained herein, Commission approval shall be required for such changes.

5) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

6) The Applicant shall include the agreement approved herein in its Annual Affiliated Transactions Report to be filed with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year beginning April 1, 1998. Information to be included in the Report is as follows: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; 4) total dollar amount of each affiliate transaction; 5) component costs of each transaction where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overhead); 6) profit component of each transaction where services are provided to an affiliate; 7) comparable market value of each transaction where services are provided to an affiliate; 8) percent/dollar amount of each affiliate transaction charged to expense and/or capital accounts; 9) allocation bases/factors for allocated costs; and 10) comparative market values/documentation where services are received from an affiliate. The report shall include all agreements with affiliates regardless of amount involved and shall supersede all other affiliate reporting requirements previously ordered.

(7) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970026
SEPTEMBER 3, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of transactions with affiliate, Virginia Power Nuclear Services Company

ORDER GRANTING APPROVAL

Virginia Electric and Power Company ("Virginia Power," "the "Company," "the Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act requesting approval to include its affiliate, Virginia Power Nuclear Services Company ("VPN," "the Affiliate") in its existing contracts with FirstBank of South Dakota ("FirstBank") and approval of a Reimbursement Agreement between Virginia Power and VPN. In Case No. PUA970007, Virginia Power requested approval to provide certain services to Virginia Power Services, Inc. and for Virginia Power Services, Inc. to provide certain services to Virginia Power. Many of the services that Virginia Power will provide to Virginia Power Services, Inc. are intended to be provided in turn to VPN.

Since the filing of the application in Case No. PUA970007, VPN has concluded that it would be beneficial for VPN employees to have corporate credit cards to be used for matters such as business travel and procurement of necessary materials for VPN's business. However, Virginia Power indicates that VPN cannot readily obtain such credit cards without the assistance from Virginia Power due to lack of credit history. Virginia Power states that it is willing to provide such assistance, subject to Commission approval.

As indicated in the application, Virginia Power currently has two contracts with FirstBank of South Dakota for corporate credit cards used by its employees. One contract is for credit cards used for travel and other expenses, and the other contract is for cards used for procurement. Both contracts permit Virginia Power subsidiaries to obtain similar credit cards, and Virginia Power has executed the documents necessary to add VPN to the contracts. The Company states that no credit cards have yet been issued to VPN.

Virginia Power states in its application that because under the contracts Virginia Power is potentially and severally liable for the charges incurred by VPN employees, Virginia Power views that addition of VPN to its credit card contracts as an affiliate transaction. Also, in order to ensure that Virginia Power is not required to bear any costs associated with the issuance or use of these credit cards, Virginia Power and VPN request approval of a Reimbursement Agreement under which VPN will be responsible for and hold Virginia Power harmless from any and all costs arising out of Virginia Power permitting VPN to be added to the contracts with FirstBank.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described arrangement will be in the public interest. However, the Commission is of the further opinion that the above-described arrangement should continue only as long as necessary for VPN to obtain credit cards for its employees on its own credit. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Virginia Electric and Power Company is hereby granted approval to include Virginia Power Nuclear Services Company in its contracts with FirstBank and the Reimbursement Agreement under the terms and conditions and for the purposes as described herein only as long as necessary for VPN to obtain credit cards for its employees under its own credit.

2) Virginia Power shall keep the Commission informed as to VPN's progress in obtaining a credit history and shall inform the Commission when VPN is able to obtain credit cards for its employees on its own credit.

3) The approval granted herein shall have no ratemaking implications.

4) Should any terms and conditions of the arrangements between Virginia Power and VPN regarding the above-described contracts with FirstBank and the related Reimbursement Agreement change from those described herein, Commission approval shall be required for such changes.

5) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

7) The arrangements approved herein shall be included in the Applicant's Annual Report of Affiliate Transactions filed with the Commission's Director of Public Utility Accounting.

8) There appearing nothing further to be done in this matter, it is hereby dismissed.

CASE NO. PUA970027
SEPTEMBER 30, 1997

APPLICATION OF
COMMONWEALTH GAS SERVICES, INC.
and
COLUMBIA ENERGY SERVICES CORPORATION

For Exemption from the Affiliates Act of Certain Agreements and Arrangements and Request for Expedited Consideration

ORDER DENYING EXEMPTION AND GRANTING APPROVAL OF AMENDED APPLICATION AND APPROVAL OF AFFILIATE ARRANGEMENT

On May 27, 1997, Commonwealth Gas Services, Inc. ("Commonwealth") and its affiliate, Columbia Energy Services Corporation ("CESC"), (collectively, "the Applicants") filed a joint application pursuant to § 56-77 B of the Code of Virginia wherein they request that the Commission grant them an exemption from the filing and prior approval requirements of § 56-77 A. The Applicants specifically request an exemption that would permit Commonwealth and CESC's participation in the Commonwealth Choice Program[1] and to expedite consideration of their application.

In an order entered on July 23, 1997, the Commission directed Commonwealth to publish notice of the joint application, directed interested persons to file comments on or before August 29, 1997, and directed its Staff to analyze the reasonableness of the joint application and file comments detailing its findings and recommendations on or before September 10, 1997. Pursuant to that Order, Commonwealth filed proof of publication of notice on August 25, 1997, and the Office of the Attorney General ("AG") and Enron Capital and Trade Resources Corporation ("Enron") filed comments on August 29, 1997.

In its comments, the AG states that it would not oppose the granting of the requested exemption if a Code of Conduct[2] were adopted to ensure that Commonwealth or CESC would not gain an unfair competitive advantage over other participating suppliers. Enron also states that it has no objection to the granting of the requested exemption as long as Commonwealth is required to include, in its tariff, Standards of Conduct governing the relationship between Commonwealth and CESC to ensure that Commonwealth does not favor its affiliate in providing such marketing services.

On September 10, 1997, Staff filed a report detailing its findings and recommendations. Staff recommended that the requested exemption be denied because the Commonwealth Choice Program was a pilot program, and there was a need to review carefully affiliate arrangements within the context of such program. Staff recommended that, if Commonwealth were allowed to implement such program and CESC planned to participate in such program, Commonwealth be required to obtain prior approval under the Affiliates Act. Staff also recommended, if approval were granted that, at a minimum, Commonwealth be required to price its services to CESC at its fully distributed cost and develop a Code or Standards of Conduct to govern the

[1] The Commonwealth Choice Program is a program that would allow natural gas marketers to make sales of gas directly to residential and small business customers. If CESC, as an affiliate of Commonwealth, participates in that program CESC must, pursuant to Virginia Code § 56-77 A, obtain Commission approval before entering into an Aggregation Service Agreement or any similar arrangement with Commonwealth.

[2] The AG included with its comments a recommended Code of Conduct consistent with those adopted in other jurisdictions.

relationship between itself and CESC. As an alternative, Staff recommended that, if Commonwealth were allowed to implement such program and CESC planned to participate in such program, Commonwealth should file an application for approval under the Affiliates Act wherein any agreement for marketing services to its affiliate would be at the same price for the same quality of service as non-affiliates. Finally, Staff recommended that Commonwealth be directed to track actual costs (fully distributed and incremental) of providing such services and conduct a market study to determine the market price of such services.

On September 4, 1997, CESC filed a Motion to substitute Eric M. Page, James P. Guy, II, and Tejindu S. Bindra as counsel in this proceeding.

On September 15, 1997, the Applicants filed a Joint Motion. In that Motion the Applicants renew their request for an exemption. In the alternative, the Applicants request leave to amend their application to request, pursuant to the Affiliates Act, approval of an arrangement whereby CESC would take proposed marketing services pursuant to the tariff proposed by Commonwealth in Case No. PUE970455. Pursuant to the Aggregation Service Agreement included in its tariff, Commonwealth would offer the same quality marketing service at the same price to both affiliates and non-affiliates.

We will grant CESC's motion to substitute counsel. We will not, however, grant the Applicants' request for an exemption. We will allow the Applicants to amend their application. We find that it would be in the public interest for Commonwealth and its affiliate CESC to participate in the Commonwealth Choice Program as detailed in the amended application and consistent with the approval granted in Case No. PUE970455, and subject to restrictions set forth below. Accordingly,

IT IS ORDERED:

(1) CESC's motion to substitute counsel be, and hereby is, granted.

(2) The Applicants' request for an exemption, pursuant to § 56-77 B of the Code of Virginia, be, and hereby is, denied.

(3) The Applicants are hereby granted leave to amend their joint application to request approval of the arrangement detailed herein pursuant to the Affiliates Act.

(4) Pursuant to § 56-77 of the Code of Virginia, the Applicants are hereby granted approval for CESC to participate in the arrangement detailed in their amended application pursuant to the tariff provisions approved in Case No. PUE970455 and subject to the restrictions detailed herein.

(5) No other services other than those specified in the amended application shall be authorized between the Applicants, either directly or indirectly.

(6) The approval granted herein shall in no way be deemed to include for ratemaking purposes the recovery of any costs or charges connected with such approval.

(7) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia.

(8) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such an affiliate is regulated by the Commission pursuant to § 56-79 of the Code of Virginia.

(9) There appearing nothing further to be done in this matter, the same be, and hereby is, dismissed.

CASE NO. PUA970028
SEPTEMBER 3, 1997

APPLICATION OF
GTE SOUTH INCORPORATED

For continued approval of affiliate agreement with GTE Telecom Incorporated

ORDER GRANTING CONTINUING APPROVAL

GTE South Incorporated ("GTE South", "Company," "Applicant") has filed an application with the Commission under the Public Utility Affiliates Act requesting continued approval of an agreement (the "Agreement") previously approved in Case No. PUA940057 on September 27, 1995. The Agreement is with its affiliate, GTE Telecom Incorporated ("GTE Telecom", "Affiliate") and the GTE Telephone Operating Companies ("GTOCs") for the provision of official company traffic. GTE Telecom is a Delaware corporation which provides telecommunication system integration functions, network communications solutions and management services. It also furnishes design engineering, procurement, installation, maintenance, operation and management services for customers who own and manage their own private telecommunications networks.

Company states in its application that the Company has a high demand for internal telecommunications services which are an essential part of operating its internal administrative business functions. The internal communications needs of local exchange carriers, such as GTE South, have been traditionally referred to as official company traffic. In order to gain efficiencies and synergies, the Company entered into an agreement with other GTOCs and GTE Telecom to obtain telecommunications services on dedicated digital telecommunications facilities, i.e., private lines.

GTE South states in its application that Telecommunication Service Orders ("TSOs") entered into prior to the end of the term for the previously approved affiliate agreement (Case No. PUA940057 approved by the Commission on September 27, 1995) are still in effect and thus by the terms of the Agreement it has not expired. The terms approved for the Agreement state that the Agreement's term is "until December 31, 1996, or as long as any Telecommunication Service Order entered into pursuant to the Agreement remains in effect...." (Order, p. 3.). The Company also states in its application

that no additional TSOs have been entered into in 1997. In order to allow for additional TSOs to be entered into, the Applicants executed an Amendment to Agreement on April 25, 1997. This Amendment extended the term of the Agreement until February 29, 2000.

The Company represents that the National Transportation Network ("NTN"), which is administered by GTE Telecom on behalf of the entire GTE Corporation and provides official company traffic, will be used when its prices are at or below the market for the desired services after consideration of other relevant factors, such as redundancy, high reliability/availability and route diversity. The Company utilizes four carriers for its interLATA private line service in Virginia: AT&T, Sprint, MCI and the NTN. The Company represents that NTN's prices are 18.3% less than the average prices for its other providers, thus lowering GTE South's cost of service.

GTE South represents that GTE Telecom's prices for the NTN have been reviewed since the prior agreement and GTE Telecom has lowered its prices by an average of 5% after this review and that a reduction of 7% is anticipated in 1997.

The Amendment to the Agreement is dated April 25, 1997, and shall remain in force until February 29, 2000, or as long as any TSOs entered into pursuant to the Agreement remain in effect, unless sooner terminated in accordance with the applicable provisions of the Agreement.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described Amendment to the Agreement would be in the public interest and should be approved subject to the pricing policy as outlined in the Commission's Order dated August 7, 1997, in Case No. PUC950019. This policy is as follows: where it is most economical for the utility to purchase the product or service from the market, it should do so and where it can save money by purchasing from an affiliate at cost, including a reasonable return for the affiliate on the transaction, it should do that. Where the Company proposes that the Commission set rates for these transactions, the charges must be based on the affiliate's cost, including a reasonable return, so long as this cost does not exceed the market price. Where the affiliate sells goods/services to an affiliate, then the utility must recover from the affiliate the greater of cost plus a reasonable return or market price. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, GTE South Incorporated is hereby granted continued approval of the Agreement with GTE Telecom as described herein beginning April 25, 1997, through February 29, 2000, subject to the pricing policy of lower of cost or market for services purchased by the utility from an affiliate, as stated above;

2) That should any terms and conditions of the Agreement change from those contained in this application, Commission approval shall be required for such changes;

3) That Applicant shall adhere to the provisions of § 56-77 of the Code of Virginia before executing any contracts, agreements or amendments in the future;

4) That the approval granted herein shall in no way be deemed to include the recovery of any costs or charges in connection with the Agreement for ratemaking purposes;

5) That the approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

6) That 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, pursuant to § 56-79 of the Code of Virginia;

7) That Applicant shall include transactions related to this Agreement in its Annual Affiliated Transactions Report to be filed with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year beginning April 1, 1998, (by order entered on April 19, 1997, in Case No. PUA960030);

8) That such annual affiliates report shall also include the following affiliate information: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; 4) total dollar amount of each affiliate transaction; 5) component costs of each transaction where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overhead); 6) profit component of each transaction where services are provided to an affiliate; 7) comparable market value of each transaction where services are provided to an affiliate; 8) percent/dollar amount of each affiliate transaction charged to expense and/or capital accounts; 9) allocation bases/factors for allocated costs; and 10) comparative market values/documentation where services are received from an affiliate. The report shall include all agreements with affiliates regardless of amount involved and shall supersede all other affiliate reporting requirements previously ordered;

9) That for purposes of Virginia rate proceedings, such as Annual Informational Filings pursuant to the order in Case No. PUC930036 and Rate Cases filed in accordance with the rules in Case No. PUE850022, GTE South shall show compliance with the pricing policy outlined in ordering paragraph one;

10) That there being nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970029
SEPTEMBER 3, 1997

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For approval to contract to provide services to affiliate as Pipeline Developer for West Point Lateral Pipeline Project

DISMISSAL ORDER

On June 9, 1997, Virginia Natural Gas, Inc. ("VNG," "the Company," "the Applicant") filed an application with the Commission under the Public Utilities Affiliates Act requesting authority to enter into a Letter Agreement dated November 1, 1996, with CNG Energy Services Corporation ("Energy Services," "the Affiliate") by which Energy Services would request, and VNG would provide, at cost, certain services. Pursuant to the Letter Agreement, VNG would provide to the Affiliate certain accounting, engineering, operating, construction, purchasing, administrative, billing, and related services deemed necessary or desirable by the Affiliate in connection with the planning, development, construction, and completion of the West Point Lateral Pipeline associated with the Virginia Electric and Power Company and Chesapeake Paper Products Company dispersed energy facility project in King William County, Virginia.[1]

On August 27, 1997, the Company filed a Motion of Virginia Natural Gas, Inc. for Leave to Withdraw Application ("Motion"). In its Motion, the Company states that because changes have occurred in the organizational structure of VNG and its parent company, Consolidated Natural Gas Company, and certain engineering functions heretofore performed at VNG are now to be performed outside of the VNG organization by affiliated companies, VNG no longer is prepared to offer the services described in the Letter Agreement with Energy Services in connection with the proposed West Point Lateral Pipeline Project.

The Applicant states, in its Motion, that Energy Services will now seek such services from others, including the Regulated Business Support Group of Consolidated Natural Gas Service Company, Inc. and CNG Transmission Corporation. VNG advises, in its Motion, that to the extent that Energy Services or any other affiliated entities request VNG to provide incidental services in connection with the West Point Lateral Pipeline Project, it will do so pursuant to existing Commission authorizations and its Exemption Authorization granted by the Commission in Case No. PUA960082.

In the Motion filed by the Company, VNG further advises that its participation in the disbursed energy facility project as ultimate lessee and operator of the West Point Lateral Pipeline as described in Case No. PUE950131 will not otherwise be affected by the Motion and withdrawal of the application filed herein.

THE COMMISSION, upon consideration of the Company's Motion and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the Company's request for withdrawal of its application filed on June 9, 1997, should be granted and the case dismissed. On consideration whereby,

IT IS ORDERED THAT:

1) Virginia Natural Gas, Inc.'s request to withdraw its application filed on June 9, 1997, by Motion filed on August 27, 1997, be and hereby is granted.

2) There appearing nothing further to be done in this matter, it is hereby dismissed.

---

[1] See Application of Virginia Electric and Power Company, Virginia Power SPC-I, Inc., Virginia Power SPC-II, Inc., and Chesapeake Paper Products Company, Case No. PUE950131, D.C.C. No. 970820130, Slip Op. (August 13, 1997 Order Granting Preliminary Approvals).

CASE NO. PUA970030
SEPTEMBER 3, 1997

APPLICATION OF
DELMARVA POWER AND LIGHT COMPANY

For approval of the provision of certain services to a limited liability company

ORDER GRANTING APPROVAL

Delmarva Power and Light Company ("Delmarva," the "Company," the "Applicant") has filed an application under the Public Utilities Affiliates Act requesting approval to provide certain services to a limited liability company. As stated in the application, on May 2, 1997, Delmarva entered into a Memorandum of Understanding with an unregulated natural gas marketing company and its parent company. The Memorandum of Understanding provides for the formation of a limited liability company (the "LLC") by the gas marketing company (herein referred to as the Company's "Partner") and the Company or one of the Company's subsidiaries. The LLC will engage in the business of marketing natural gas, electricity and other fuels to end use customers in several states. The Company represents that the LLC will not conduct business in the Commonwealth of Virginia.

Delmarva Energy Company ("DEC") is a wholly-owned subsidiary of Delmarva incorporated in Delaware. DEC was originally formed by Delmarva in 1976 to participate in gas and oil exploration and development opportunities. DEC currently has no assets, liabilities or employees and conducts no business. Delmarva intends to designate DEC as a member in the LLC. The LLC will be a fifty percent (50%) owned subsidiary of DEC, and consequently a partially owned indirect subsidiary of Delmarva.

As stated in the application, DEC proposes to enter into a Partnership Agreement with the Partner as contemplated by the Memorandum of Understanding. The Partnership Agreement has not yet been negotiated by the parties and will be delivered to the Commission when it has been executed by the parties. The Partnership Agreement will provide for the creation of the LLC and will establish the rights and obligations of each of DEC and its Partner as equal owners of the LLC. The LLC will be managed by an Executive Committee composed of an equal number of representatives of each of DEC and its Partner. The Executive Committee will have responsibility for such decisions as will be provided for in the Partnership Agreement, including without limitation, approval of business plans, operation and capital budgets, financial commitments and borrowings, sale or purchase of assets, and arrangements between the LLC and either of the LLC members, risk management policies, contracts not included within the authority granted to the personnel assigned to manage the day to day operations of the LLC, and all other major decisions of the LLC.

As contemplated by the Memorandum of Understanding, DEC expects to be obligated to provide certain services to the LLC to allow the LLC to conduct its business, and Delmarva expects to provide those services to DEC to allow DEC to fulfill its obligations to the LLC and its Partner. Such services will be provided by personnel employed by Delmarva. In some instances, Delmarva may provide those services directly to the LLC rather than through DEC. Services to be provided include energy services, administrative services, marketing services, general oversight services, and other services to include accounting and finance, legal, public relations, and purchasing and storage.

Delmarva states in its application that it will track and directly assign costs to DEC and the LLC on a fully-allocated basis, thereby preventing any cross-subsidization of the activities of DEC or the LLC by Delmarva's Virginia electric service customers. Delmarva further states that the proposed transactions will have no effect on electric service provided to its Virginia customers. Delmarva states that DEC's initial capitalization and any on-going capital requirements will come from Delmarva's retained earnings. The contributions made to DEC will be pursuant to the Commission's Order Granting Authority in Case No. PUA970007.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described transactions will be in the public interest and should be approved. However, concerning Delmarva's representation that the proposed transactions will have no effect on electric service provided to its Virginia customers, the Commission is of the opinion that such transactions will have an effect on Virginia cost of service by the amount Delmarva receives for performing the services. Where a market price exists for services provided, Delmarva should recover the greater of cost plus a reasonable return or market price. The determination of market price shall be an ongoing process using methods such as competitive bids, appraisals, catalog listings replacement cost of assets, and sales to third parties. If there are situations in which Delmarva believes that there are services provided for which there is no market price, the Company shall provide evidence or documentation in its Annual Report of Affiliate Transactions of its unsuccessful attempts to acquire such a market price. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Delmarva Power and Light Company is hereby granted approval to enter into the transactions under the terms and conditions and for the purposes as described herein subject to the following modification: where a market price exists for services provided to affiliates, Delmarva shall recover the greater of cost plus a reasonable return or market price for services provided.

2) The Company shall include in all general rate proceedings and Annual Informational Filing evidence that the pricing policy stated herein has been followed.

3) The approval granted herein shall not be deemed to include the recovery of any costs or charges in connection with the approval granted herein for ratemaking purposes.

4) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

5) Should there be any changes in the terms and conditions of the agreement for provision of services from those contained herein, Commission approval shall be required for such changes.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

7) The Applicant shall file an executed copy of the Partnership Agreement with the Commission within thirty (30) days of execution.

8) The Applicant shall include the agreement approved herein in its Annual Affiliated Transactions Report to be filed with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year beginning April 1, 1998. Information to be included in the Report is as follows: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; 4) total dollar amount of each affiliate transaction; 5) component costs of each transaction where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overhead); 6) profit component of each transaction where services are provided to an affiliate; 7) comparable market value of each transaction where services are provided to an affiliate; 8) percent/dollar amount of each affiliate transaction charged to expense and/or capital accounts; 9) allocation bases/factors for allocated costs; and 10) comparative market values/documentation where services are received from an affiliate. The report shall include all agreements with affiliates regardless of amount involved and shall supersede all other affiliate reporting requirements previously ordered.

9) The Applicant shall include the affiliate information contained in the the Annual Report of Affiliate Transactions in its Annual Informational and/or General Rate Case Filings if not based on a calendar year.

10) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970032
AUGUST 25, 1997

JOINT APPLICATION OF
GTE SOUTH, INC., GTE DATA SERVICES, INC.
AND GTE GOVERNMENT SYSTEMS CORPORATION

For approval of an amendment to an affiliate agreement

ORDER GRANTING APPROVAL

GTE South Incorporated ("GTE South", "Company") has filed an application with the Commission under the Public Utilities Affiliates Act requesting approval of an amendment to an affiliate agreement, the Master Service Agreement (Agreement"), between GTE Data Services Incorporated ("GTEDS") and GTE Government Systems Corporation ("GovSys").

As stated in the application, GTEDS is a Delaware corporation. GTEDS is an international corporation in the data processing industry and provides computer processing and professional information management services to GTE Telephone Operations in the United States, Canada and the Dominican Republic as well as numerous customers in targeted commercial markets. It is a wholly owned subsidiary of GTE Corporation and, as such, is an affiliate of GTE South.

GovSys is also a Delaware corporation that is a leader in the advancement of the development of telecommunications, international intelligence systems and communications switching as well as a major systems integrator of customized systems for defense, government and industry. It also is a wholly owned subsidiary of GTE Corporation and, as such, is an affiliate of GTE South.

As indicated in the application, by a joint application filed with the Commission on May 31, 1996, the parties sought Commission approval of two separate affiliate agreements, the Master Service Agreement dated July 7, 1994, and the Master Agreement For Software Development dated August 8, 1996 ("Agreements"). By an order entered on April 19, 1997, in Case No. PUA960030, the Commission approved both of the Agreements.

The Master Service Agreement was executed to establish generic terms and conditions for as many business related issues as possible when GTE Corporation engages GovSys to provide services on its behalf. Issues addressed include the billing procedure, treatment of confidential information, intellectual property rights, work rules dispute resolution, key personnel, travel expenses and representations and warrants.

Under the Agreement, the services/projects to be provided are described in Statements of Work ("SOW"). The SOWs further describe project deliverables, schedules, warranties, costs and any other terms specific to a project.

The parties seek approval of an amendment to the Agreement. The primary purpose of the amendment is to extend the term of the Agreement through September 30, 1998, incorporate a revised Exhibit A, GTE Affiliated Entities, and to replace and supersede Exhibit C of the original Agreement with a new Exhibit C, entitled "Labor Rates By Category For GSC Dallas-Based Personnel". The parties also state that all other substantive terms and conditions of the original agreement remain intact.

The Company represents that approval will not result in it providing any subsidy to GovSys or GTEDS or any other nonregulated entity nor will the Company be exposing itself to any unnecessary business risks. In addition, the Agreement contains a "Most Favored Customer" clause whereby GovSys represents that the provisions of the agreement is equal to or better than the equivalent provisions being offered to its most favored customers.

THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that the above-described amendment to the Agreement is in the public interest and should be approved on a retroactive basis. Accordingly,

IT IS ORDERED:

1) That, pursuant to § 56-77 of the Code of Virginia, GTE South Incorporated is hereby granted approval of the Master Service Agreement between GTE Data Services Incorporated and GTE Government Systems Corporation retroactive to April 1, 1997, under the terms and conditions as described herein;

2) That should any terms and conditions of the Master Service Agreement change from those contained in this application, Commission approval shall be required for such changes;

3) That Applicant shall adhere to the provisions of § 56-77 of the Code of Virginia before executing any contracts, agreements or amendments in the future;

4) That the approval granted herein shall in no way be deemed to include the recovery of any costs or charges in connection with the Master Service Agreement for ratemaking purposes;

5) That the approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter;

6) That 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, pursuant to § 56-79 of the Code of Virginia;

7) That Applicant shall include transactions related to this Agreement in its annual affiliates due April 1, 1998 (by order entered on April 19, 1997, in Case No. PUA960030);

8) The Company should adhere to the following pricing policy: where services are provided to an affiliate, the services should be accounted for at the higher of fair market value or fully distributed cost (including a profit component) and where services are received from an affiliate, the services should be accounted for at the lower of fair market value or fully distributed cost (including a profit component); and

9) That there appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970034
SEPTEMBER 15, 1997

APPLICATION OF
WORLDCOM, INC. D/B/A LDDS WORLDCOM,
MFS INTELENET OF VIRGINIA, INC. AND WORLDCOM TECHNOLOGIES, INC.

For authority to reorganize and for related transactions

ORDER GRANTING AUTHORITY

On July 3, 1997, an application was filed with the Commission under the Utility Transfers Act by WorldCom, Inc., d/b/a LDDS WorldCom ("WorldCom"), MFS Intelenet of Virginia, Inc. ("MFS of Virginia"), MFS Communications Company, Inc. ("MFSCC"), MFS Network Technologies, Inc. ("MFS NT"), and WorldCom Technologies, Inc. ("WorldCom Technologies") (collectively, the "Applicants") requesting authority to reorganize their corporate structure and operations and to complete a series of transactions related to the proposed reorganization. The Companies specifically request authority to:

1) Transfer control of WorldCom Technologies from MFS NT to MFSCC; and

2) Change the name of MFS of Virginia to WorldCom Technologies of Virginia, Inc. ("WorldCom Technologies of Virginia");

As a result of these transactions, WorldCom Technologies of Virginia will be one of the primary operating entities of the WorldCom family of companies in Virginia.

As stated in the application, WorldCom, with its subsidiaries, is one of the largest companies in the United States, providing telecommunications services to business, government, other telecommunications companies and residential customers through its network of fiber optic cables, digital microwave, and fixed and transportable satellite earth stations. As a result of its recent acquisition of MFSCC, which the Commission approved on November 25, 1996, in Case No. PUA960058, WorldCom is the first major telecommunications company with the capability to provide its customers with high-quality local, long distance, Internet, data, and international communications services over its own transmission facilities. WorldCom companies' telecommunications products and services include: switched and dedicated long distance and local products, 800 services, calling cards, domestic and international private lines, broadband data services, debit cards, conference calling, advanced billing systems, enhanced fax and data connections, local access to ATM-based backbone service and interconnection via Network Access Points to Internet service providers.

WorldCom itself is a publicly-held Georgia corporation and is the ultimate corporate parent of the entire WorldCom family of companies, including MFS of Virginia and WorldCom Technologies. WorldCom is authorized to provide telecommunications services in forty-eight states, including Virginia. WorldCom is authorized to offer interexchange services in Virginia.

MFS of Virginia is a wholly-owned subsidiary of WorldCom Technologies that provides telecommunications services directly to the public in Virginia. MFS of Virginia provides a full range of interexchange and local exchange services in Virginia. MFS of Virginia received its authority to operate as a local telecommunications service provider in Virginia on May 1, 1996, in Case No. PUC950082.

As shown in the application, WorldCom Technologies is currently a wholly-owned subsidiary of MFS NT. MFS NT is a non-regulated entity that operates as a holding company and service integrator. The proposed reorganization involves removing MFS NT from the chain of corporate ownership of WorldCom Technologies by transferring control of WorldCom Technologies to MFSCC, which is presently MFS NT's corporate parent. Therefore, MFS NT will become an affiliate of WorldCom Technologies, and MFSCC will become WorldCom Technologies' direct corporate parent.

As part of the proposed reorganization, the name of MFS of Virginia will be changed to "WorldCom Technologies of Virginia, Inc." The Applicants represent that there will be no change in the operations of MFS of Virginia, and that a new tariff reflecting the name change will be filed with the Commission. As indicated in the application, the name change will have no impact on consumers in Virginia. WorldCom Technologies of Virginia will continue to be managed by the same team of experienced telecommunications personnel, and day-to-day operations will not be altered materially. Consumer service functions will be provided by the same team of consumer representatives. Other than the transfer of control of WorldCom Technologies from MFS NT to MFSCC, there will be no change in the ownership or control of WorldCom Technologies of Virginia, and its business plan and operations in Virginia will not be affected. Service will continue to be provided using the same underlying carrier network, billing systems, and customer service operations as are currently used.

THE COMMISSION, upon consideration of the application and representation of the Applicants and having been advised by its Staff, is of the opinion and finds that the above-described reorganization will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should be approved. We will not, however, approve the requested change of name in this Order. MFS of Virginia should file Amended Articles of Incorporation to accomplish such change. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, authority is hereby granted to the Applicants to reorganize as described herein.

2) There appearing nothing further to be done in this matter, it is hereby dismissed.

CASE NO. PUA970035
SEPTEMBER 29, 1997

APPLICATION OF
APPALACHIAN POWER COMPANY
and
AEP COMMUNICATIONS, LLC

For approval of affiliates transactions

ORDER GRANTING MOTION FOR TEMPORARY AUTHORITY

On July 7, 1997, Appalachian Power Company ("APCo") and AEP Communications, LLC ("AEPC") (collectively, "the Applicants") filed an application for approval of certain affiliates transactions. In part, the Applicants seek authority for AEPC to lease from APCo ten currently unused ("dark") fibers contained in fiber optic telecommunications facilities in West Virginia.

On September 23, 1997, the Applicants filed a motion ("Motion") seeking temporary authority for AEPC to lease four of those dark fibers and for APCo to receive payment for the use of such fibers pending the Commission's final determination of the matter. The Applicants request that such payments be made in accordance with the terms of the fiber optic agreement filed in this docket; specifically, that payments be made based on the fibers' net book cost. In support of their motion, the Applicants state that the lease of the four dark fibers would have no affect on APCo's internal communications system and that the transaction would be revocable in the event the Commission's final order did not approve the application. In addition, the Applicants state that they commit to making retroactive adjustments to arrangements granted under the temporary authority, if necessary, to conform to the Commission's final decision.

NOW THE COMMISSION, having considered the motion and having been advised by Staff, is of the opinion that Applicants' motion should be granted subject to the conditions, limitations, and commitments of the Applicants with the exception of the modification detailed below. We will modify the pricing mechanism requested by the Applicants to reflect payment by AEPC to APCo for the lease of such fibers at the greater of market or cost.

Accordingly, IT IS ORDERED THAT Applicants' Motion be, and hereby is, granted subject to the conditions, limitations, and commitments of the Applicants, as modified herein, pending final order of the Commission.

CASE NO. PUA970036
SEPTEMBER 3, 1997

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval to operate and maintain the Sporn Plant, which is jointly owned with Ohio Power Company

ORDER GRANTING APPROVAL

Appalachian Power Company ("Appalachian", "Company", "Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act for approval to operate and maintain the Sporn Plant, which is jointly owned by Appalachian and the Ohio Power Company, d.b.a. American Electric Power ("Ohio"). Appalachian owns Sporn Unit numbers 1 and 3 at the Philip Sporn Plant and Ohio owns Sporn Unit numbers 2, 4, and 5. Ohio is not engaged in business in Virginia. Central Operating Company, a West Virginia corporation, which is 50% owned by each of Appalachian and Ohio, operates and maintains the Sporn Plant. Central will cease to operate the Sporn Plant effective 12:00 A.M. January 1, 1998, when the Central Operating Agreement will terminate.

Appalachian and Ohio propose to enter into an operating agreement (the "New Operating Agreement") whereby Appalachian, subject to the approval of the Commission, the West Virginia Public Service Commission and the Federal Energy Regulatory Commission, will operate and maintain the Sporn Plant with provisions thereof. Appalachian cites the following as reasons for the proposed transaction:

(a) The efficient and economical operation and maintenance of the jointly-owned Sporn Plant requires daily management by one party on its own behalf and for that of the other owner, rather than duplication of efforts by each owner. Appalachian is better suited to act in this capacity, because it already maintains staff near the Sporn Plant. As such, the current Sporn Plant operating staff will be transferred to Appalachian prior to the dissolution of Central and thereafter will continue to perform the various functions associated with the Sporn Plant. In addition, Appalachian and Ohio expect to realize a reduction in administrative and other expenses from the termination of the Central Operating Agreement and the dissolution of Central.

(b) The New Operating Agreement provides a fair and equitable method of allocating the operation, maintenance and other costs associated with the Sporn Plant on the basis of each party's respective ownership interest therein. Appalachian will act under the New Operating Agreement for its

own behalf and that of Ohio at no profit to itself and will operate and maintain the Sporn Plant in accordance with good commercial practice consistent with procedures employed by Appalachian and Ohio at their other generating stations.

Both Appalachian Power Company and Ohio Power Company are wholly-owned subsidiaries of American Electric Power Company, Inc., a holding company registered under the Public Utility Holding Company Act of 1935. Accordingly, Appalachian and Ohio Power are subject to regulation by the Securities and Exchange Commission ("SEC") to ensure that they perform services for each other at cost, fairly and equitably allocated between both companies. Appalachian states in its application that all amounts paid by Ohio will be based upon Appalachian's costs determined in accordance with Rules 90 and 91 of the SEC. Applicant further states that the New Operating Agreement will not adversely affect the service of Appalachian to the public in Virginia. In addition, Appalachian believes that the service of no other Virginia utility subject to the Commission's jurisdiction will be affected.

THE COMMISSION, upon consideration of the application and representation of Applicant and having been advised by its Staff, is of the opinion and finds that the above-described operation and maintenance of the Sporn Plant by Appalachian will be in the public interest and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Appalachian is hereby granted approval to enter into the New Operating Agreement with Ohio Power Company for the purpose of operating and maintaining the Sporn Plant as described herein.

2) The authority granted herein shall have no ratemaking implications.

3) The authority granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

4) Should any terms and conditions of the agreement authorized herein change from those described herein, Commission approval shall be required for such changes.

5) Should any services be provided under the New Operating Agreement in addition to those enumerated in the New Operating Agreement filed herein, Commission approval shall be required for the provision of such services.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

7) The Applicant shall file an Annual Report of Affiliate Transactions with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year beginning April 1, 1998, providing certain information on all affiliate transactions for the preceding calendar year. Information to be included is as follows: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; 4) total dollar amount of each transaction; 5) component costs of each transaction where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overhead); 6) profit component of each transaction where services are provided to an affiliate; 7) comparable market value of each transaction where services are provided to an affiliate; 8) percent/dollar amount of each affiliate transaction charged to expense and/or capital accounts; 9) allocation bases/factors for allocated costs; and 10) comparative market values/documentation where services are received from an affiliate. The report shall include all agreements with affiliate regardless of the amount involved and shall supersede all other reporting requirements previously ordered.

8) The Applicant shall include the affiliate information contained in the Annual Report of Affiliate Transactions in its Annual Information and/or General Rate Case Filings if not based on a calendar year.

9) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970036
SEPTEMBER 23, 1997

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval to operate and maintain the Sporn Plant which is jointly owned with Ohio Power

ORDER DENYING PETITION FOR RECONSIDERATION

By Petition filed on September 19, 1997, counsel for Appalachian Power Company ("Appalachian") requests the Commission to reconsider ordering paragraph (7) of its order of September 3, 1997, in the above captioned proceeding ("Petition"). Ordering paragraph (7) requires Appalachian to file an annual report detailing certain information for all affiliate transactions relating to the preceding calendar year. Such reports are to be filed no later than April 1 of each year, commencing with April 1, 1998.

In support of its Petition, Appalachian states that such reporting requirements are different and more detailed than those required by the Commission in previous affiliate proceedings. Appalachian also states that such reporting requirements will affect other existing affiliate arrangements and the reporting requirements thereof.

NOW THE COMMISSION, having considered the matter, is of the opinion that Appalachian's Petition should be denied. We are aware that the reporting requirements detailed in ordering paragraph (7) of our September 3, 1997 Order are different and more detailed than those previously imposed. We note, however, that Appalachian's Petition does not specify any particular requirement that would not yield information to assist the

Commission in its review of such transactions or in its protection of the public interest. Neither does the Petition allege that such requirements are unduly burdensome.

Although we will deny Appalachian's Petition, such denial does not mean that, in the future, we will not entertain a request for a variance from such requirements with respect to a specific agreement or a particular requirement. Any such request should, however, include compelling reasons for the granting of such request. Accordingly,

IT IS ORDERED THAT Appalachian's Petition for Reconsideration of ordering paragraph (7) of our September 3, 1997 Order Granting Approval be, and hereby is, denied.

CASE NO. PUA970037
SEPTEMBER 12, 1997

APPLICATION OF
GTE SOUTH INCORPORATED

For approval of an amendment to the CMRS *Star Information Plus Service Agreement with GTE North Incorporated, GTE Southwest Incorporated, and GTE Mobilnet Service Corporation

ORDER GRANTING APPROVAL

On March 26, 1996, in Case No. PUA960023, GTE South Incorporated ("GTE South", the "Company", "Applicant"), GTE North Incorporated ("GTE North"), GTE Southwest Incorporated ("GTE Southwest"), collectively referred to as ("GTE"), and GTE Mobilnet Service Corporation ("Mobilnet") filed a Joint Application with the Commission seeking approval of an agreement referred to as CMRS *Star Information Plus Service Agreement ("Agreement", "*SIP Service Agreement"). In the Agreement, GTE provided and Mobilnet purchased *SIP Services pursuant to the CMRS *SIP Service Agreement. That Agreement was approved by the Commission on June 27, 1997.

GTE and Mobilnet have filed a Joint Application with the Commission under the Public Utilities Affiliates Act for approval of an amendment to the CMRS *Star Information Plus Service Agreement. Modifications to the original *SIP Service Agreement include:

A. The SIP Volume Qualifier (i.e. for a discounted rate) definition has been modified. An SIP Volume Qualifier shall now be determined by aggregating all Events to the Connection Points covered under this Amendment that utilize any Operator Services Switch ("OSS"). Previously, it was determined based on a single common OSS.

B. The term and termination provisions have been changed. The Amendment reflects that Mobilnet chose a one year term option from the In Service Date. For Connection Points that are re-directed from the original OSS platform, the term will now be one year from the In Service Date of the re-directed Connection Point. Existing Connection Points that are not re-directed will be automatically renewed for successive one month periods after the initial term. At the end of twenty four months of month-to-month renewal, the Agreement shall be automatically terminated.

C. Rates have been modified to reflect the selection of the one year term by Mobilnet.

The Amendment also contains some other minor changes to the verbiage of the *SIP Service Agreement, beyond that all other terms and conditions remain in effect.

GTE states in its application that the Amendment was necessitated by the desire of the parties to upgrade the quality of service which required the Company to utilize an OSS platform not contemplated in the Agreement.

THE COMMISSION, upon consideration of the application and representation of Applicant and having been advised by its Staff, is of the opinion and finds that the above-described amendment to the CMRS *Star Information Plus Service Agreement will be in the public interest and should be approved subject to the pricing policy as outlined in the Commission's Order dated August 7, 1997, in Case No. PUC950019. To ensure that the Agreement and the proposed amendment continue to be in the public interest, GTE South should price services provided at the greater of market or cost plus a reasonable return. GTE South should maintain evidence of this pricing policy to be available for Commission Staff review as needed. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, GTE South is hereby granted approval of an amendment to the CMRS *Star Information Plus Service Agreement with GTE North, GTE Southwest, and Mobilnet, under the terms and conditions and for the purposes as described herein subject to the following pricing policy. Where it is most economical for the utility to purchase the product or service from the market, it should do so, and where it can save money by purchasing from an affiliate at the affiliate's cost, including a reasonable return for the affiliate on the transaction, it should do that. Where the Company proposes that the Commission set rates based on charges from an affiliate, the charges must be based on the affiliate's cost, including a reasonable return, so long as this cost does not exceed the market price. Where the affiliate sells goods/services to an affiliate, then the utility must recover from the affiliate the greater of cost plus a reasonable return or market price.

2) The Company shall include in all general rate proceedings and Annual Informational Filing evidence that the pricing policy stated herein has been followed.

3) The approval granted herein shall have no ratemaking implications.

4) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

5) Should there be any changes in the terms and conditions of the Agreement from those contained herein, Commission approval shall be required for such changes.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted therein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

7) The Applicant shall include the agreement approved herein in its Annual Affiliated Transactions Report to be filed with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year beginning April 1, 1998. Information to be included in the Report is as follows: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; 4) total dollar amount of each affiliate transaction; 5) component costs of each transaction where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overhead); 6) profit component of each transaction where services are provided to an affiliate; 7) comparable market value of each transaction where services are provided to an affiliate; 8) percent/dollar amount of each affiliate transaction charged to expense and/or capital accounts; 9) allocation bases/factors for allocated costs; and 10) comparative market values/documentation where services are received from an affiliate. The report shall include all agreements with affiliates regardless of amount involved and shall supersede all other affiliate reporting requirements previously ordered.

8) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970039
SEPTEMBER 3, 1997

APPLICATION OF
DELMARVA POWER AND LIGHT COMPANY

For approval of affiliate transactions

ORDER GRANTING APPROVAL

On July 21, 1997, Delmarva Power and Light Company ("Delmarva," "the Company," "the Applicant") has filed an application with the Commission under the Public Utilities Affiliates Act requesting approval to provide certain services to its affiliate, Conectiv Services, Inc. ("CSI"). On June 27, 1997, the Commission issued an Order Granting Approval in Case No. PUA960049 which granted Delmarva final approval of the affiliates transactions requested in the application. In the Commission's Order, Delmarva was granted approval to provide certain services to Service Confidence, Inc., now Conectiv Services, Inc.

CSI was originally formed by Delmarva Capital Investments, Inc. ("DCI") as a wholly-owned subsidiary of DCI and an indirect subsidiary of Delmarva, in June 1996. Its purpose was to acquire the assets or stock of several existing heating, ventilation, and air conditioning ("HVAC") businesses. CSI subsequently became a direct subsidiary of Delmarva. This change to the corporate structure was accomplished by means of a dividend of all of the capital stock of CSI from DCI to Delmarva. This dividend was effected on October 15, 1996. (Delmarva, DCI, and CSI are collectively referred to as "the Companies").

As stated by the Company, since the initial acquisitions, the HVAC businesses acquired by CSI have been integrated into CSI's operations. CSI is currently offering HVAC sales, installation, and repair services and other related products and services to Delmarva's gas and electric service customers in Delaware and Maryland and to persons that are not Delmarva's gas and/or electric services customers in Delaware, Maryland, Pennsylvania, and New Jersey. The Companies state that none of the businesses acquired, or anticipated to be acquired, currently engages in any businesses anywhere within the Commonwealth of Virginia ("Virginia"). There are no current plans for CSI to provide products or services anywhere within Virginia. The Company further states that while CSI has acquired businesses primarily with HVAC operations, several of the businesses acquired or expected to be acquired also provide plumbing sales and services. Delmarva states that CSI plans to further develop its plumbing business directly and/or indirectly through one or more CSI subsidiaries. CSI also intends to offer electrical testing, monitoring, and engineering services through a new subsidiary that expects in the near future to acquire an existing business which provides these services.

As stated in the application, CSI does not and will not exercise control over Delmarva. However, in September and October 1996, CSI purchased Delmarva common stock in the open market to pay a portion of the purchase price in connection with the acquisition. CSI plans to structure any future acquisition transactions that utilize Delmarva stock in the same way, buying Delmarva common stock for delivery to stockholders of acquired companies.

In this application, Delmarva proposes to provide certain services to CSI. These include marketing, telephone personnel and information technology systems, field personnel, subcontracting of certain work, and purchasing agent. Delmarva states that it will track and directly assign and/or allocate costs to the affiliate transactions on a fully-loaded basis, thereby preventing any cross-subsidization of the activities of CSI by Delmarva's Virginia regulated utility customers. The tracking and assigning/allocating costs is being done pursuant to the Cost Accounting Manual provided to the Commission Staff on February 28, 1997.

In its application, Delmarva states that the initial capital to fund the HVAC business acquisitions came from DCI, not Delmarva. Any capital contributions required by CSI to be provided by Delmarva will be made pursuant to the Commission's Order in Case No. PUA970007 for CSI's business. Apart from the capital contributions of Delmarva, CSI will seek to finance its activities primarily with funds from operations and borrowings from lending institutions.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described transactions will be in the public interest and should be approved. However, concerning Delmarva's representation that the proposed transactions will have no effect on electric services provided to its Virginia customers, the Commission is of the opinion

that such transactions will have an effect on Virginia cost of service by the amount Delmarva receives for performing the services. Where a market price exists for services provided by Delmarva to CSI, such services should be priced at the greater of cost plus a reasonable return or the market price for such services. The determination of market price should be an ongoing proces using methods such as competitive bids, appraisals, catalog listings, replacement cost of assets, and sales to third parties. If there are situations in which Delmarva believes that there are services provided for which there is no market price, the Company shall provide evidence or documentation in its Annual Report of Affiliate Transactions of its unsuccessful attempts to acquire such a market price. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Delmarva Power and Light Company is hereby granted approval to enter into the transactions under the terms and conditions and for the purposes as described herein except that where a market price exists for services provided by Delmarva to CSI, such services should be priced at the greater of cost plus a reasonable return or the market price for such services.

2) In all general rate proceedings and Annual Informational Filings, the Applicant shall provide evidence that such pricing policy is being followed.

3) The approval granted herein shall not be deemed to include the recovery of any costs or charges in connection with the approval granted herein for ratemaking purposes.

4) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

(5) Should there be any changes in the terms and conditions of the agreement for provision of services from those contained herein, Commission approval shall be required for such changes.

6) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

7) The Applicant shall include the agreement approved herein in its Annual Affiliated Transactions Report to be filed with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year beginning April 1, 1998. Information to be included in the Report is as follows: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; 4) total dollar amount of each affiliate transaction; 5) component costs of each transaction where services are provided to an affiliate (i.e., direct/indirect labor, fringe benefits, travel/housing, materials, supplies, indirect miscellaneous expenses, equipment/facilities charges, and overhead); 6) profit component of each transaction where services are provided to an affiliate; 7) comparable market value of each transaction where services are provided to an affiliate; 8) percent/dollar amount of each affiliate transaction charged to expense and/or capital accounts; 9) allocation bases/factors for allocated costs; and 10) comparative market values/documentation where services are received from an affiliate. The report shall include all agreements with affiliates regardless of amount involved and shall supersede all other affiliate reporting requirements previously ordered.

8) The Applicant shall include the affiliate information contained in Annual Report of Affiliate Transactions in its Annual Informational and/or General Rate Case Filings if not based on a calendar year.

(9) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970044
OCTOBER 9, 1997

APPLICATION OF
TEL-SAVE, INC.
and
ACCESS VIRGINIA, INC.

For approval of Agreement and Plan of Merger

ORDER GRANTING APPROVAL

On July 25, 1997, Tel-Save, Inc. ("Tel-Save") and Access Virginia, Inc. ("Access Virginia"), collectively referred to as the "Applicants," filed an application with the Commission under the Utility Transfers Act requesting approval of an Agreement and Plan of Merger (the "Agreement"). The proposed transaction is between a new subsidiary of Tel-Save Holdings, Inc. ("TSHI"), Tel-Save's parent company, and Shared Technologies Fairchild Inc. ("STFI"), Access Virginia's parent company. As part of the proposed transaction, STFI will merge into TSHCo, Inc., a new wholly-owned subsidiary of TSHI, with TSHCo, Inc. being the surviving corporation. As stated in the application, both Tel-Save and Access Virginia are authorized to provide a variety of telecommunications services in Virginia.

As stated in the application, STFI is a Delaware corporation publicly traded on the NASDAQ stock market. STFI is the parent company of Shared Technologies Fairchild Communications Corporation, which, in turn, is the parent company of Access Virginia. Pursuant to certification granted by the Commission in Case No. PUC970038, Access Virginia is authorized to provide local exchange telecommunications services within the Commonwealth of Virginia. Affiliates of Access Virginia are authorized to provide telecommunications services by various state commissions. Additionally, affiliates of Access Virginia currently are authorized to provide competitive local exchange services in approximately ten states and have filed applications to obtain authority to provide competitive local exchange services in approximately ten other states. An affiliate of Access Virginia also is authorized by the Federal Communications Commission as a non-dominant carrier to provide international resold switched services throughout the

United States. Tel-Save and Access Virginia represent that upon consummation of the merger, Access Virginia not only expects to rely on many of its existing management and operational staff, but also will be able to draw upon the expertise of TSHI and its operating subsidiary, Tel-Save.

TSHI is a Delaware corporation publicly traded on the NASDAQ as well. TSHI is the parent company of Tel-Save, which provides long distance services, including outbound services and inbound toll-free 800 service, throughout the United States. Tel-Save currently provides interexchange telecommunications services in Virginia on an unregulated basis. An affiliate of Tel-Save has an application pending to provide local exchange telecommunications services in Virginia. In addition to the services it provides in Virginia, Tel-Save is authorized by various state commissions to provide telecommunications services. Additionally, Tel-Save currently is authorized to provide competitive local exchange services in approximately fourteen states and has filed applications to obtain authority to provide competitive local exchange services in approximately thirty-two other states. Tel-Save also is authorized by the Federal Communications Commission as a non-dominant carrier to offer domestic interstate and international services nationwide. TSHI, through its subsidiaries, is a nationwide provider of telecommunications services.

TSHI and STFI represent that they have determined that they will realize significant economic and marketing efficiencies and enhancements by merging the two entities and establishing STFI as a wholly-owned subsidiary of TSHI. As stated in the application, the Agreement was unanimously approved by the Board of Directors of each company. As part of the transaction, TSHCo, Inc. has been created as a wholly-owned subsidiary of TSHI. STFI will merge with TSHCo, Inc. with TSHCo, Inc. as the surviving corporation.

THE COMMISSION, upon consideration of the application and representation of the Applicants and having been advised by its Staff, is of the opinion and finds that the above-described merger will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should be approved. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, approval is hereby granted for the proposed Agreement and Plan of Merger as described herein.

2) There appearing nothing further to be done in this matter, it is hereby dismissed.

CASE NO. PUA970045
OCTOBER 16, 1997

APPLICATION OF
DELMARVA POWER AND LIGHT COMPANY

For approval of affiliate transactions

ORDER GRANTING APPROVAL

On August 25, 1997, Delmarva Power and Light Company ("Delmarva." the "Company," the "Applicant") filed an application with the Commission under the Public Utilities Affiliates Act (the "Affiliates Act") requesting approval of certain affiliate transactions. In its application, Delmarva states that Delmarva and Atlantic Energy, Inc. ("Atlantic") plan to work together to form a joint venture encompassing marketing and sales efforts to large commercial and industrial ("C&I") entities mainly in the region within a 100-mile radius of Wilmington, Delaware. The joint venture will be known as Conectiv Solutions LLC and will be a Delmarva Power and Atlantic Energy Joint Venture (the "JV"). The JV will market and sell electricity, natural gas and other forms of energy and energy-related and other value-added products and services offerings (the "Offerings") of Delmarva and Atlantic as well as the Offerings of third parties to the extent such Offerings are consistent with the JV's strategic focus and customers' needs, all in competitive markets. Delmarva states that, in addition to generating additional earnings, the activities of the JV fit into Delmarva's strategy for meeting increasing competition among energy service providers as the electric industry in the region deregulates. Delmarva represents that the JV will not conduct business within the Commonwealth of Virginia.

Delmarva proposes to enter into a limited liability company agreement (the "Agreement") with Atlantic which will provide for the creation of the JV and establish the rights and obligations of each of Delmarva and Atlantic as equal owners of the JV. Pursuant to the Agreement, the JV will be managed by a Managing Board composed of senior executives of Delmarva and Atlantic. The Managing Board will have ultimate responsibility for such decisions as will be provided for in the Agreement, including approval of business plans, risk management policies, operating and capital budgets, financial commitments, sale or purchase of assets, any arrangements between the JV and either of the JV partners, and contracts, any of which are not included within the authority granted to the officers appointed to manage the day-to-day operations of the JV, and all other major decisions of the JV. Neither the JV nor Atlantic will control Delmarva.

As stated in the application, Delmarva will provide certain services to the JV to allow the JV to conduct its business. Such services will be provided by personnel employed by Delmarva and may involve the use of certain systems and facilities, such as computer and phone systems and/or office space, of Delmarva. Services to be provided include the following: (1) management, sales, and administrative personnel; (2) administrative services; (3) marketing services; (4) oversight of operations and business; and (5) other services to include accounting and finance, legal, marketing, public relations, and purchasing and storage.

Delmarva will be providing the services to the JV to enable Delmarva to expand its competitive offerings to targeted large C&I customers. When the planned Delmarva/Atlantic merger occurs, the JV will be terminated, and all of the subsidiaries of the JV, as well as other competitive business lines within Delmarva and Atlantic serving large C&I customers, will be consolidated as a new subsidiary or division of Conectiv, the new holding company following the merger, or one of its subsidiaries (other than Delmarva or Atlantic).

Delmarva states that it will track costs and directly assign to the JV on a fully-distributed basis all costs related both to the employees assigned to the JV and the services described above. The JV's initial capitalization and any on-going capital requirements will come from Delmarva's retained

earnings. Delmarva anticipates that the initial capital which it will contribute to the JV will be $5,000 and that annual capital contributions for JV business operations will not exceed $2,000,000. Apart from the capital contributions of Delmarva, the JV will seek to finance its activities primarily with funds from operations. Delmarva states that it may make, extend, or renew loans of money to the JV.

Delmarva asks that its oversight of the JV and the other transactions described herein be exempted from the Affiliates Act in Virginia Code § 56-77 B. The Company states that these transactions will have no effect on electric service provided to Delmarva's Virginia customers. Delmarva believes it is appropriate that these transactions be exempted from the Act because they relate to matters outside of Virginia, do not increase Delmarva's cost of service in Virginia, and do not result in any subsidization by or negative impacts on, Delmarva's Virginia electric customers.

THE COMMISSION, upon consideration of the application and representations of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described transactions should not be exempted from the Affiliates Act as requested by the Applicant. However, the Commission finds that the proposed transactions will be in the public interest and should be approved. Concerning Delmarva's representation that the proposed transactions will have no effect on electric service provided to its Virginia customers, the Commission is of the opinion that such transactions will have an effect on Virginia cost of service by the amount Delmarva receives for performing the services. Where a market price exists for services provided, Delmarva should recover the greater of cost, plus a reasonable return, or market price. The determination of market price shall be an ongoing process using methods such as competitive bids, appraisals, catalog listings replacement cost of assets, and sales to third parties. If there are situations in which Delmarva believes that there are services provided for which there is no market price, the Company shall provide evidence or documentation in its Annual Report of Affiliate Transactions of its unsuccessful attempts to acquire such a market price. The authority to invest up to $2 million annually in the JV and to make, extend, or renew loans of money to the JV exists through 1998 under the authority granted by Commission Order dated May 20, 1997, in Case No. PUF970007. The Commission is of the opinion that, until Delmarva's pending merger completed, the limited period of authority granted in Case No. PUF970007 is sufficient and appropriate. Accordingly,

IT IS ORDERED THAT:

1) The proposed transactions shall not be exempted from the Affiliates Act in Virginia Code § 56-77 B.

2) Pursuant to Virginia Code § 56-77, Delmarva Power and Light Company is hereby granted approval to enter into the transactions under the terms and conditions and for the purposes as described herein subject to the following modification: where a market price exists for services provided to the JV, Delmarva shall recover the greater of cost, plus a reasonable return, or market price for services provided.

3) The Company shall include in all general rate proceedings and Annual Informational Filings evidence that the pricing policy stated herein has been followed.

4) The authority to make investments in the JV and to make, extend, or renew loans of money to the JV shall be limited by the authority granted in Case No. PUF970007.

5) The approval granted herein shall not be deemed to include the recovery of any costs or charges in connection with the approval granted herein for ratemaking purposes.

6) The approval granted herein shall not preclude the Commission from exercising the provisions of Virginia Code §§ 56-78 and 56-80 hereafter.

7) Should there by any changes in the terms and conditions of the agreement for provision of services or the limited liability company agreement from those contained herein, Commission approval shall be required for such changes.

8) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to Virginia Code § 56-79.

9) The applicant shall maintain a list, on an annual basis, to be available for Staff review, showing where the JV's customers are located to ensure that no activity is occurring in the Commonwealth of Virginia.

10) The Applicant shall include the Agreement and provision of services approved herein in its Annual Report of Affiliate Transactions to be filed with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year as prescribed in the Commission's Order dated June 18, 1997, in Case No. PUA970010.

11) The Applicant shall include the affiliate information contained in the Annual Report of Affiliate Transactions in its Annual Informational and/or General Rate Case Filings if not based on a calendar year.

12) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970046
SEPTEMBER 29, 1997

APPLICATION OF
COX VIRGINIA TELCOM, INC.

For disclaimer of jurisdiction, or, in the alternative, for approval of transfer of utility assets

ORDER ASSERTING JURISDICTION AND APPROVING TRANSFER IN PART

On August 27, 1997, Cox Virginia Telcom, Inc. ("Cox Virginia" or "Applicant") filed its application requesting the Commission to "disclaim" jurisdiction over the transfer of utility assets that occurred, without prior approval, on March 21, 1997, when, in an intracorporate transaction, Cox Fibernet Access Services, Inc. was merged into Cox Fibernet Commercial Services, Inc., which contemporaneously changed its corporate name to Cox Virginia Telcom, Inc., and is the applicant herein. Cox Virginia states that on that date "all of the assets of Cox Fibernet Access Services, Inc., including Certificate No. TT-24A to provide interexchange telecommunications services. . ., essentially became part of Cox Virginia Telcom."

Cox Virginia asserts that Commission approval of the transaction may be unnecessary because the merger has not changed the "ultimate owner, or control of" the utility assets possessed by Cox Fibernet Access Services, Inc., since the "ultimate parent, Cox Communications, Inc. retains ownership and control through its direct and indirect subsidiaries." In the alternative, Cox Virginia requests the Commission grant "approval of the proposed transaction in accordance with the Utility Transfers Act."

NOW THE COMMISSION, having considered the pleading and the applicable statutes and rules, is of the opinion and finds that the Utility Transfers Act, §§ 56-88 et seq. of the Code of Virginia, applies to the transaction set forth in the application. Section 56-88.1 states that "[n]o person . . . shall, directly or indirectly, acquire or dispose of control of . . . (ii) a telephone company, or all of the assets thereof, without the prior approval of the Commission," which precisely describes the transaction affected by the merger of Cox Fibernet Access Services, Inc. into Cox Fibernet Commercial Services, Inc. All of the utility assets possessed by Cox Fibernet Access Services, Inc., were acquired by its sister company, Cox Fibernet Commercial Services, Inc.[1] The law plainly requires prior Commission approval for such transactions.

Further, the Commission is of the opinion and finds that the transfer of utility assets affected by the merger should be approved as in the public interest, except as noted below. The Commission deems the application complete and finds that a hearing is unnecessary. The Commission is convinced from the record before it, and finds, that "adequate service to the public at just and reasonable rates will not be impaired or jeopardized by granting the prayer of the petition," as required under § 56-90 of the Code of Virginia, as a result of the transfer of the assets approved herein.

However, Cox Virginia is incorrect in its assertion that the corporate merger that occurred on March 21, 1997, effected the transfer of Certificate No. TT-24A, which was granted to Cox Fibernet Access Service, Inc. Certificates to provide utility service may not be transferred. Section 56-265.3 of the Code of Virginia states that no public utility[2] "shall begin to furnish public utility service within the Commonwealth without first having obtained from the Commission a certificate of public convenience and necessity authorizing it to furnish such service." (Emphasis added.) Cox Virginia has not obtained a certificate from the Commission authorizing it to provide interexchange telecommunications services and may not operate on the authority of Certificate No. TT-24A, which was issued to another entity. While we have no reason, at this time, to believe that, upon proper application, Cox Virginia would be denied an interexchange certificate, nonetheless a proper application will have to be made. Certificate No. TT-24A is no longer valid, since the entity to which it was issued no longer exists.

Accordingly, IT IS ORDERED that:

(1) The petition of Cox Virginia will be deemed a request for approval under the Utility Transfers Act;

(2) The transfer of control of assets of Cox Fibernet Access Services, Inc. to Cox Fibernet Commercial Services, Inc., with the exception of Certificate No. TT-24A, is hereby approved; and

(3) This matter is dismissed.

---

[1] Which is, as noted, the Applicant herein, following its corporate name change.

[2] Which includes any company that owns or operates facilities for the furnishing of telephone service. Section 56-265.1 (b) of the Code of Virginia.

CASE NO. PUA970047
NOVEMBER 4, 1997

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For approval of a lease agreement with its Affiliate, American Commonwealth Management Services Company, Inc.

ORDER GRANTING APPROVAL

Virginia-American Water Company ("Virginia-American", "Company", "VAWC") has filed an application with the Commission under the Public Utilities Affiliates Act requesting Commission approval of a Carbon Lease Agreement (the "Agreement", "GAC Agreement") between Virginia-American and its affiliate, American Commonwealth Management Services Company, Inc. ("ACMS", "Affiliate"). Company states in its application that ACMS is a Delaware corporation which owns a customized Water Carbon Reactivation Facility in Columbus, Ohio. Both Virginia-American and ACMS

are wholly-owned subsidiaries of American Water Works Company, Inc., and as such are "affiliated interests" as defined in Section 56-76 of the Code of Virginia.

Virginia-American states that in its Hopewell District, Granular Activated Carbon ("GAC") provides taste and odor removal in the water treatment process. Taste and odor removal occurs as water passes through contactors filled with carbon, which absorbs odor-bearing compounds from the water. Eventually, the carbon becomes "spent" for odor removal and must be replaced. In the past, spent carbon was discarded and replaced with virgin carbon. Company further explains, that more recently, a technology known as carbon reactivation has been developed. Carbon reactivation permits the reuse of spent carbon by subjecting the material to high temperatures in a rotary kiln furnace. The high temperature destroys absorbed compounds and reactivates the carbon's absorption properties. Recycling the carbon reduces not only waste, but also cost. Company further states, that reactivation also eliminates tracking, manifesting, and the liability associated with spent carbon disposal.

Virginia-American proposes to enter into a GAC Lease Agreement with ACMS to be effective on or about October 1, 1997, or as soon thereafter as the Agreement is approved by the Commission.

Company represents that reactivated carbon is leased by several firms including ACMS. However, only ACMS operates a facility which is dedicated to processing only potable water grade carbon and selected food grade carbons. Company states that its GAC is handled in a segregated manner and not mixed with other carbons. After each customer's carbon is reactivated, ACMS cleans the storage vessels, and the furnace is heated to destroy any remaining impurities.

Company states, that in October 1996, it solicited bids for purchasing virgin GAC from two firms. Costs obtained from Company's solicitations were $25.52/cubic foot, $26.79/cubic foot, and $28.14/cubic foot for 1997, 1998, and 1999 respectively. Company further states that its Affiliate will lease reactivated carbon to Company for $20.48/cubic foot in 1997, $21.39/cubic foot in 1998, and $22.30/cubic foot in 1999. Company also analyzed the cost of purchasing versus leasing GAC from ACMS. The results showed that the revenue requirement related to leasing the carbon for contact filters 1A through 1D and 2A through 2D over the life of the lease agreement is $242,292.00 versus $288,640.00 if the carbon were purchased.

The Agreement provides for the collection of spent carbon from contact filters 1A through 1D, and 2A through 2D, reactivation of carbon and additional virgin carbon to provide 1380 cubic feet of material for each contact filter, installation of reactivated carbon, and testing of carbon every six months. The term of the Agreement is for 60 months from October 1, 1997, or the date on which the Commission grants approval. The annual basic rental will be $785/month in 1997 for contactors 1D, 2A, and 2B; $820/month in 1998 for contactors 2C and 2D; and $855/month in 1999 for contactors 1A, 1B, and 1C. Upon expiration of the initial term, the lease grants renewal or extension upon such terms and conditions as mutually agreed upon by the parties. The Company states that the proposed lease is the same in all material respects as the lease for reactivated carbon between Company and Affiliate approved in Case No. PUA940032, PUA950026, and PUA960014, except that, the proposed lease reflects the lease of GAC for all of the post contact filters in Hopewell, Virginia, each for a thirty-six month term.

THE COMMISSION, upon consideration of the application and representations of Applicant and having been advised by its Staff, is of the opinion and finds that the above-described GAC Lease Agreement will be in the public interest and should be approved. The Commission is of the further opinion, however, that to ensure that the Agreement continues to be in the public interest, any extensions or renewals of the Agreement beyond the initial five (5) year period should require Commission approval. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to § 56-77 of the Code of Virginia, Virginia-American Water Company is hereby granted approval to enter into the GAC Lease Agreement with American Commonwealth Management Services Company, Inc. under the terms and conditions and for the purposes as described herein.

2) Such approval shall be effective for five (5) years from the date of this order.

3) Any renewals or extensions of the Agreement beyond the five (5) year period shall require Commission approval.

4) The approval granted herein shall in no way be deemed to include the recovery of any costs or charges in connection with the approval granted herein for ratemaking purposes.

5) Should there be any changes in the terms and conditions of the Agreement from those contained herein, Commission approval shall be required for such changes.

6) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

7) The Commission reserves the authority to examine the books and records of any affiliate in connection with the authority granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

8) The Applicant shall file an Annual Report of Affiliate Transactions with the Director of Public Utility Accounting of the Commission by no later than April 1 of each year, for the preceding calendar year, beginning April 1, 1998. Information to be included in the Report is as follows: 1) affiliate's name; 2) description of each affiliate transaction; 3) dates of each affiliate transaction; and 4) total dollar amount of each affiliate transaction. The report shall include all agreements with affiliates regardless of amount involved and shall supersede all other affiliate reporting requirements previously ordered.

9) There appearing nothing further to be done in this matter, the same be, and it hereby is, dismissed.

CASE NO. PUA970049
NOVEMBER 21, 1997

PETITION OF
WORLDCOM, INC.

For approval of the acquisition of control of MCI Communications Corporation

ORDER GRANTING MOTION TO WITHDRAW AND DISMISSING CASE

By Motion filed on November 18, 1997, Worldcom, Inc. ("Worldcom"), requests permission to withdraw, without prejudice, its petition filed on November 5, 1997, in the above captioned matter. In that petition, Worldcom requests approval, pursuant to § 56-88.1 of the Code of Virginia, of the transfer of control of MCI Communications Corporation ("MCI") to Worldcom.[1]

In support of its motion, Worldcom states that, subsequent to the filing of its petition, Worldcom and MCI announced their agreement to merge and have, therefore, eliminated the need for approval of its tender offer. Worldcom also states that it plans to file, in the near future, a joint petition with MCI requesting approval of their agreement to transfer of control of MCI to Worldcom.

NOW THE COMMISSION, having considered the matter, is of the opinion that Worldcom's Motion should be granted and that this case should be dismissed from our docket of active cases.

Accordingly, IT IS ORDERED THAT:

(1) The Motion to Withdraw filed by Worldcom on November 18, 1997, be, and hereby is, granted.

(2) There be nothing further to be done in this matter, it be, and hereby is, dismissed from the Commission's docket of active cases and the papers placed in the file for ended causes.

[1] The proposed transfer would be by tender offer to acquire all of the outstanding shares of MCI stock.

CASE NO. PUA970053
DECEMBER 22, 1997

APPLICATION OF
DELMARVA POWER & LIGHT COMPANY
and
CONECTIV, INC.

For approvals under Va. Code § 56-88.1 and Chapter 4 of Title 56 of the Code of Virginia

CONSENT ORDER

On February 25, 1997, Delmarva Power & Light Company ("Delmarva") and Conectiv, Inc. ("Conectiv") (collectively, "the Companies") filed a joint application ("the Application"), pursuant to § 56-88.1 of the Code of Virginia, for approval of proposed transactions that would result in Conectiv acquiring control of Delmarva (the "Merger"). By order dated August 6, 1997, in Case No. PUA970008 ("the Consent Order"), the Commission granted approval of that joint application subject to the terms and conditions as set forth in the Merger Agreement and the conditions agreed upon by Delmarva and the Commission's Staff.

One of those conditions was that Delmarva would reduce its Virginia retail base revenues by an annual revenue amount of $422,000, or approximately 1.52% of total 1996 revenues, effective for service rendered on or after the date of the Closing.[1] The $422,000 revenue reduction represented approximately 50% of the estimated average annual net merger savings for Virginia jurisdictional customers. Another condition was that the revenue reduction would be apportioned and the rates designed in a manner consistent with the recommendations of the Division of Energy Regulation as detailed in Staff's Report filed on August 1, 1997. A further condition was that, in the event that Delmarva agreed to return to ratepayers a greater percentage of estimated merger-related savings in other jurisdictions, Delmarva would provide the same percentage of savings to its Virginia jurisdictional customers, but in no event would such savings be less than the $422,000.

On September 22, 1997, Delmarva, the Staff of the Delaware Public Service Commission, the Delaware Division of the Public Advocate, and the Delaware Energy Users Group entered into a Proposed Settlement in PSC Docket No. 97-58 before the Public Service Commission of Delaware, whereby Delmarva agreed to decrease its electric rates to its Delaware retail customers by a total of $7,577,000 effective on and after the date of the Closing. Such reduction, representing about 60% of post-merger savings, was to be implemented, on a phased-in approach, over a three year period. In an order dated September 23, 1997 (Order No. 4606), the Delaware Public Service Commission found the Proposed Settlement to be in the public interest and approved the Merger subject to certain conditions, one of which was the above referenced rate reduction.

[1] "Closing" refers to the date of the consummation of the Merger.

As a result of such action, Delmarva and Staff agree to the following:

1. Notwithstanding the rate reduction ordered in Case No. PUA970008, Delmarva shall reduce its Virginia retail base revenues by an annual revenue amount of $483,000, or approximately 1.74% of total 1996 revenues, effective for service rendered on or after the date of Closing. The $483,000 revenue reduction represents, on a present value basis, the equivalent of that ordered by the Public Service Commission of the State of Delaware. Such base rate decrease shall be reflected in a compliance filing made within 60 days after the date of this Order.

2. The revenue reduction shall be apportioned and the rates designed in a manner consistent with the recommendations of the Division of Energy Regulation as detailed in Case No. PUE970008.

THE COMMISSION, having considered our August 8, 1997 Consent Order in Case No. PUA970008, the action of the Delaware Public Service Commission in Docket No. 97-58, Delmarva and Staff's joint request, and applicable law, is of the opinion that such request is in the public interest and should be granted. Accordingly,

IT IS ORDERED THAT:

(1) Delmarva shall reduce its Virginia jurisdictional retail base rates consistent with that detailed herein.

(2) Within 60 days of the date of this Order, Delmarva shall file appropriate tariffs with the Division of Energy Regulation that reflect the rate design described herein.

(3) Such reduction shall be apportioned in the same manner as detailed in our August 7, 1997 Consent Order in Case No. PUA970008.

(4) With the exception of the above referenced directives, all other provisions of our August 7, 1997 Consent Order in Case No. PUA970008 shall remain in full force and effect.

(5) There being nothing further to be done in this matter, it be, and hereby is, dismissed from the Commission's docket of active cases.

DIVISION OF COMMUNICATIONS

CASE NO. PUC850035
NOVEMBER 21, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: Investigation of competition for intraLATA, interexchange telephone service

FINAL ORDER

By order of April 18, 1996, the Commission invited comments on the advisability of, and methods of implementing intraLATA toll dialing parity. Comments were received by May 28, 1996, but additional filings were made necessary when the Federal Communications Commission ("FCC"), on August 8, 1996, issued its Second Report and Order and Memorandum Opinion Order C.C. Docket No. 96-98, In the matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996 ("Dialing Parity Order"). As a result of the Dialing Parity Order, the Commission, on February 6, 1997, initiated Case No. PUC970009 for the purposes of receiving and evaluating the toll dialing parity plans of Virginia Local Exchange Carriers ("LECs").

The implementation of toll dialing parity in Case No. PUC970009 brings to a close the need for this investigation of competition for intraLATA interexchange telephone service. As indicated in the Commission's Interim Order of June 30, 1986, intraLATA competition would proceed under three phases. Phase 2 was implemented by our order of July 24, 1995, which allowed interexchange carriers to furnish intraLATA service as of October 1, 1995. Phase 3, as contemplated in the June 30, 1986 Interim Order, will be attained when all carriers have dialing parity for intraLATA traffic. Because Phase 3 dialing parity will be accomplished in Case No. PUC970009, the Commission finds that this case should be closed and dismissed from the docket.

Accordingly, IT IS THEREFORE ORDERED THAT this case is dismissed and the record made herein shall be placed in the file for ended causes.

CASE NO. PUC860045
DECEMBER 11, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: Rulemaking concerning treatment of telephone company simple inside wiring

FINAL ORDER

By order of April 12, 1996, the Commission invited additional comments concerning implementing Phases II and III of the Commission Staff's September 4, 1987 report recommending a three-phased approach to the ultimate deregulation of inside wiring. Phase I was implemented by the Commission's Interim Order of March 30, 1988. Phase II would eliminate wiring installation and maintenance tariffs, and Phase III would implement total deregulation with expenses and revenues to be booked below the line.

Having considered comments, the effects of the Telecommunications Act of 1996, 47 U.S.C. § 251 et seq., and the treatment afforded inside wire in the Alternative Regulatory Plans of the large companies, Commonwealth of Virginia at the relation of the State Corporation Commission Ex Parte: In the matter of investigating telephone regulatory methods pursuant to Va. Code § 56-235.5. etc., 1994 S.C.C. Ann. Rept. 262 (Final Order October 18, 1994), the Commission has determined that Phase II may be implemented, allowing the removal of simple inside wire installation and maintenance, rates, terms and conditions from the tariffs of all Virginia telephone companies that have not yet done so.

To ensure clarity, the Commission emphasizes here that any charge applied by a local exchange company for a dispatch, visit, or trip caused by a customer-initiated trouble call resulting in discovery of the trouble on the customer's side of a network interface device, commonly called a maintenance visit charge, shall remain a tariffed charge.

The Commission is not prepared to implement Phase III, total deregulation, with simple inside wire expenses and revenues to be booked in nonregulated accounts, in this case. Our regulatory authority was protected from federal preemption in NARUC v. FCC, 880 F.2d 422 (D.C. Cir. 1989) and the time is not ripe to totally relinquish it. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) All Virginia local exchange telephone companies are authorized to remove simple inside wiring installation and maintenance charges, terms and conditions from their tariffs.

(2) Any charge(s) applied for customer-caused maintenance visits shall remain in local exchange company tariffs.

(3) There being nothing further to come before the Commission, this matter is dismissed and the record developed herein shall be placed in the file for ended causes.

CASE NO. PUC880042
DECEMBER 15, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte, In re: Investigation of pricing methodologies for intrastate access service

FINAL ORDER

By order of September 23, 1997, the Commission directed Bell Atlantic-Virginia, Inc. ("BA-VA") to file a response as to whether it needed its open network architecture ("ONA") tariff filing of March 6, 1992 to become effective. BA-VA filed its response October 7, 1997, urging that its tariffs not be rejected and that they be allowed to become effective. BA-VA stated that under the rules of the Federal Communications Commission, it was permitted to provide enhanced services on a structurally unseparated basis provided that it meets three conditions:

(1) That it is technically prepared to offer required ONA services.

(2) Federal tariffs for each ONA service are in effect.

(3) It has filed state ONA tariffs.

On October 23, 1997, AT&T Communications of Virginia, Inc. ("AT&T") filed responsive comments urging that the tariff revisions be rejected outright, or alternatively, that the revisions be investigated to determine whether they are just and reasonable and whether they conform to the requirements of §§ 251(c)(3) and 252(d) of the Telecommunications Act of 1996, 47 U.S.C. §§ 251 and 252.

The Commission finds that both recommendations should be rejected. Instead, BA-VA's tariffs may remain as filed. These tariffs appear outdated, in need of refiling with revisions. The Commission has determined that this case should be closed, and any such revisions may be filed and reviewed in a new docket number.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) BA-VA's ONA tariff filings of March 6, 1992 shall remain as filed, with their effective date suspended.

(2) This matter is hereby dismissed from the docket and the record developed herein shall be placed in the file for ended causes.

CASE NO. PUC890023
DECEMBER 15, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval of experimental tariff to offer a Senior Citizens Discount Plan

ORDER CONCLUDING EXPERIMENT

On May 1, 1989, Central Telephone Company of Virginia ("Centel") filed a tariff with the Division of Communications for authority to implement a new service offering called the Senior Citizens Discount Plan. By order of May 5, 1989, the Commission authorized the tariff to take effect experimentally for a one-year period. By order entered May 25, 1990, the Commission authorized continuation of the experiment pending further orders.

The Commission has determined that the experimental status of the tariff should be concluded with the tariff to remain in effect. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The experiment of Centel's Senior Citizens Discount Plan is terminated.

(2) Centel's Senior Citizens Discount Plan tariff shall remain in effect.

(3) There being nothing further to come before the Commission, this matter is dismissed and the record accumulated herein shall be placed in the file for ended causes.

CASE NO. PUC950007
JANUARY 7, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

Annual Informational Filing

FINAL ORDER

On November 6, 1996, Central Telephone Company of Virginia (Centel) filed its Motion to make rates permanent for the 1994 test year being considered in this Annual Informational Filing (AIF). That Motion was filed in response to the AIF report (Staff Report) filed by the Commission Staff on October 25, 1996, which indicated that Centel had earned a return on equity during 1994 of 7.16 percent. By Order of November 6, 1996, the Commission prescribed notice and invited comments or requests for hearing by December 20, 1996, concerning Centel's motion. No comments or requests for hearing were received.

In the absence of any requests for hearing or any opposition to the Staff Report, the Commission has determined that the Staff Report may be received into the record without the necessity of a hearing. The only issue before the Commission is to determine whether Centel earned in excess of its authorized maximum return on equity for Potentially Competitive, Discretionary, and Basic Services for the year 1994.

The Commission's Modified Plan for Alternative Regulation of Virginia Local Exchange Telephone Companies (Modified Plan) made Centel's rates interim for the year 1994 and subject to refund if Centel's return on equity for that year should exceed 12.55 percent. The Rate of Return Statement (Schedule 8) filed with the Staff Report shows that during 1994 Centel earned a return on equity of 7.16 percent. Since that return is beneath the 12.55 percent limit of the Modified Plan and has not been contested, the Commission finds that during the 1994 test year, Centel earned less than the authorized maximum return on equity. Accordingly,

IT IS, THEREFORE, ORDERED THAT:

(1) Centel's rates for the 1994 test year are hereby made permanent for that year only. Such rates are no longer subject to refund as provided in Paragraph 20 of the Modified Plan.

(2) There being nothing further to come before the Commission, this matter is dismissed and the record developed herein shall be placed in the file for ended causes.

Commissioner Moore did not participate in this proceeding.

CASE NO. PUC950008
MARCH 20, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

Annual Informational Filing

FINAL ORDER

On December 18, 1996, Bell Atlantic-Virginia, Inc. ("BA-VA") filed its motion to make rates permanent for the 1994 test year being considered in this Annual Informational Filing ("AIF"). That motion was filed in response to the AIF Report ("Staff Report") filed by the Commission Staff on December 17, 1996. The Staff Report indicated that during 1994, BA-VA had earned a return on equity of 10.68%. By order dated January 7, 1997, the Commission prescribed notice and invited comments or requests for hearing concerning BA-VA's motion. No comments or requests for hearing were received.

In the absence of any requests for hearing or any opposition to the Staff Report, the Commission has determined that the Staff Report may be received into the record without the necessity of a hearing. The only issue before the Commission is to determine whether BA-VA earned in excess of its authorized return on equity for Discretionary, and Basic Services for the year 1994.

The Commission's Modified Plan for Alternative Regulation of Virginia Telephone Companies ("Modified Plan") made BA-VA's rates interim for the year 1994 and subject to refund if BA-VA's return on equity for that year should exceed 12.55%. The Rate of Return Statement (Schedule 8) filed with the Staff Report shows that during 1994, BA-VA earned a return on equity of 10.68%. Since that return is beneath the 12.55% limit of the Modified Plan and has not been contested, the Commission finds that during the 1994 test year, BA-VA earned less than the authorized maximum return on equity. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) BA-VA's rates for the 1994 test year are hereby made permanent for that year only. Such rates are no longer subject to refund as provided in Paragraph 20 of the Modified Plan.

(2) There being nothing further to come before the Commission, this matter is dismissed and the record developed herein shall be placed in the file for ended causes.

Commissioner Moore did not participate in this proceeding.

CASE NO. PUC950011
MARCH 20, 1997

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.

Annual Informational Filing

FINAL ORDER

On November 27, 1996, United Telephone-Southeast, Inc. ("United") filed its motion to make rates permanent for the 1994 test year being considered in this annual informational filing ("AIF"). That motion was filed in response to the AIF report ("Staff Report") filed by the Commission Staff on November 22, 1996, which indicated that United had earned a return on equity of 14.35 percent for the 1994 test year. By order of December 5, 1996, the Commission prescribed notice and invited comments or requests for hearing concerning United's motion. No requests for hearing were received; however, AT&T Communications of Virginia, Inc. ("AT&T") filed comments requesting that the entire refund of $969,325 plus interest be applied to United's access charges to interexchange carriers.

In the absence of any requests for hearing or any opposition to the Staff Report, the Commission has determined that the Staff Report may be received into the record without the necessity of a hearing. United has accepted the findings of the Staff Report and has agreed that a refund is appropriate because the 14.35 percent return on equity is above the maximum of its authorized range, 12.55 percent, set forth in the Commission's Modified Plan for Alternative Regulation of Virginia Local Exchange Telephone Companies ("Modified Plan"). United has also agreed with the Staff's conclusion that the required refund is $969,325 plus interest.

The Commission finds that United's return on equity exceeded the maximum 12.55 percent by the amount of $969,325. That amount should be refunded together with interest from the end of the 1994 test year until the date paid. Such refund shall be accomplished in the manner prescribed below. Accordingly,

IT IS ORDERED THAT:

(1) On or before July 1, 1997, United shall refund with interest, as directed below, the amount of $969,325.

(2) Interest upon such refund shall be computed from January 1, 1995, until the date refunds are made, at an average prime rate for each calendar quarter. The applicable average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin or the Federal Reserve Selected Interest Rates ("Selected Rates") (Statistical Release G.13), for the three months of the preceding calendar quarter.

(3) The interest shall be compounded quarterly.

(4) Refunds shall be distributed to 1994 customers based on each customer's proportion of billed revenues to the total.

(5) The refunds ordered above may be accomplished by credit to each customer's account for current customers. United should attempt to make refunds to former customers by mailing a check, for refunds of $1.00 or more, to the last known address of the customer. United need not mail checks for refunds less than $1.00 to former customers; however, United shall prepare and maintain a list of the former accounts which are due refunds of less than $1.00, and if such former customers contact United and request their refund, those refunds shall be made promptly. For customers who owe United outstanding balances, United may offset the credit or refund to the extent no dispute exists regarding the outstanding balance. To the extent that an outstanding balance of such a customer is disputed, no offset shall be permitted for the disputed portion. All unclaimed refunds shall be handled in accordance with Virginia Code § 55-210.6:2.

(6) On or before August 1, 1997, United shall file with the Division of Communications a document showing that all refunds have been lawfully made pursuant to this order.

(7) United shall bear all costs of the refund directed in this order.

(8) The tariffed rates of United for the year 1994 are no longer interim and shall be subject to no additional refunds other than the one ordered herein.

(9) There being nothing further to come before the Commission, this matter shall be removed from the docket and the papers filed herein placed in the file for ended causes.

Commissioner Moore did not participate in this case.

CASE NO. PUC950019
AUGUST 7, 1997

APPLICATION OF
GTE SOUTH INCORPORATED

For revisions to its local exchange, access and intraLATA long distance rates

ORDER

On October 18, 1994, the Commission entered its Final Order in Case No. PUC930036, Ex Parte: In the Matter of Investigating Telephone Regulatory Methods Pursuant to Va. Code § 56-235.5, etc., in which it approved an alternative regulatory plan for GTE South Incorporated ("GTE" or "Company"). The Company advised the Commission by letter that it had elected to adopt the GTE South Alternative Regulatory Plan ("Plan"), which became effective on January 1, 1995.

The Plan included mechanisms through which the Company could seek price increases for any of its basic local exchange telephone services ("BLETS"), or for any of its Discretionary services, or both. When the Company proposes such changes that result in increases in overall regulated operating revenues, Paragraph 11.A of the Plan requires the Company to file "a rate application conforming to the rules governing general rate case applications for telephone companies, Case No. PUE850022," that is, GTE is required to file a general rate case if proposing rate changes that would raise the revenues produced by basic and discretionary services.[1]

If the Company seeks to make "a change in the price of BLETS and/or Discretionary services that does not result in an increase in overall regulated operating revenues," Paragraph 11.B of the Plan requires it to "proceed pursuant to the Commission approval and customer notification provisions of Code §§ 56-237.1 and 56-237.2."

Paragraph 13 of the Plan provides that all of GTE's rates, except those for services classified as competitive, are "interim rates until the Commission declares that they are no longer subject to refund." Under this Paragraph, if the Company is found to be earning in excess of its authorized range of return on BLETS and Discretionary services, appropriate refunds are mandated. Thereafter, "[u]nder appropriate circumstances, and upon motion by the Company, the Commission will enter an order that the interim rates are no longer subject to refund."

Finally, Paragraph 18 of the Plan establishes that, although virtually all access is a Basic service, access charges "are not included in the categories of services set out in this Plan for pricing purposes. Pricing for such services will be considered separately in accordance with procedures" adopted by the Commission in other proceedings. In the Order in Case No. PUC930036 that approved the Plan, the Commission stated, at pages 26-27, that upon "implementation of the plans adopted in this case, we will proceed to consider access pricing in Case No. PUC880042."

On April 6, 1995, GTE gave notice to the Commission of its intention "to file a general rate application, pursuant to the requirements of the Commission's Final Order in Case No. PUE850022 ["Rate Case Rules"], dated August 21, 1985." The order referenced in GTE's letter requires utilities to notify the Commission in writing 60 days in advance of an anticipated rate filing, and further requires the utility to state whether it will file an expedited or general rate case.

On June 29, 1995, GTE completed the filing of the application now before the Commission, stating that because of the "significant changes in rate structures and levels the Company is seeking in this Application, the Company will fully comply with the filing requirements for general rate cases" as outlined in the Rate Case Rules.[2] GTE's application requested authority to restructure, rebalance, and make significant changes in the level of its rates. In the application, GTE asked the Commission to "affirm the justness and reasonableness of the proposed rates."[3]

In subsequent orders, the proceeding was established and docketed, the Company's proposed rates were suspended, the Company was required to publish notice to the public of its application and a hearing of the matter was scheduled for November, 1995.

The Company was ordered to provide additional public notice after the Commission became aware of confusion arising from deficiencies in the notice originally prescribed. The original and subsequent notices generated an immense public reaction. Thousands of GTE's customers wrote the Commission in near-unanimous opposition to the Company's proposed plans.

In November 1995, the Company filed extensive revisions to its original proposals. Additional public notice was ordered. The Company then requested, and the Commission granted, an extension of the hearing date to March, 1996. At that time, the Commission appointed a Hearing Examiner to conduct further proceedings in the case. The matter was eventually heard in June, 1996, and the Staff and the parties filed briefs on September 30, 1996.

The Hearing Examiner issued his Report on March 14, 1997. The Report, which runs to 121 pages, deals in thorough detail with the 185 issues that confronted the Examiner. Comments and exceptions to the Report were filed by the Staff and the parties on April 11, 1997. The Examiner found that the Company's application "cannot be evaluated as a revenue neutral rate filing under Paragraph 11.B" of the Plan. Rather, he found the application must "be evaluated under 11.A of the Plan to determine whether the proposed rates are just and reasonable."[4] Finding that the proposed rates were not just and reasonable, the Examiner recommended a reduction to the Company's gross annual revenues of $26,939,818 to render the rates just and reasonable.

---

[1] The requirements contained in Paragraph 11.A.1 and .2 also apply to such proposed rate changes.

[2] Application at 2.

[3] Application at 9.

[4] Report at 120.

NOW THE COMMISSION, having considered the Examiner's Report, the comments and exceptions thereto, the pleadings and evidence of record and the applicable statutes and rules, accepts the adjustments recommended by the Examiner, with certain exceptions noted herein. The Commission finds that the rates produced through such adjustments, as modified herein, are just and reasonable and will be implemented.[5]

The threshold issue in this proceeding is the nature of the case. Despite the notice letter and its Application, GTE subsequently maintained in the hearing, its Brief and exceptions, that its application is intended to accomplish a revenue neutral rate restructuring under Paragraph 11.B of the Plan. The Company moved the Examiner, six days prior to the hearing, to exclude portions of testimony filed by the Staff and the Attorney General that relate to the revenue requirements of the Company, and renewed that motion at the end of the case.

GTE believes that the Commission should address only the rate restructurings that it proposed without addressing the Company's overall level of earnings. Any overearnings found by the Commission must result in rate refunds, not rate reductions, according to the argument GTE sets out in its Brief.

On the other hand, throughout the proceedings the Staff and parties have maintained that the application has been and should be treated as a general rate filing in which GTE's rates may be reduced. First, they point to the letter filed by GTE on April 6, 1995, advising the Commission of its intent to file a general rate application, pursuant to the requirements of the Commission's rate case rules. The subsequent application, as noted, conformed to the requirements of those rules.

The Staff also asserted that GTE was fully aware that its application was being processed as a general rate application during the many months following its filing, and raised no objections until six days before the hearing.

Both the Staff and the Attorney General argue that the filing is not proper under Paragraph 11.B of the Plan because the proposals in the Application are not actually revenue neutral since increased overall operating revenues (to recover what the Company states are new costs) will result from the rates proposed. They also argue that Paragraph 11.B of the Plan did not contemplate the comprehensive rate rebalancing proposed by GTE herein, and that the inclusion of access charge revisions by GTE was inappropriate in a Paragraph 11.B application.

We find that GTE's characterization of its filing is incorrect, for several reasons, and that its argument that its rates are free from examination as to their "justness and reasonableness" and therefore may not be reduced is wrong.

First, there can be no question that the "just and reasonable" standard applies in this proceeding. Paragraph 11.A of the Plan requires the Company to file a general rate case if it seeks to increase overall regulated operating revenues produced from its basic and discretionary services.[6]

Further, the rate restructuring filing permitted under Paragraph 11.B requires GTE to "proceed pursuant to the Commission approval and customer notification provisions of Code §§ 56-237.1 and 56.237.2." (Emphasis added.) Section 56-237.2 of the Code of Virginia (hereafter "Va. Code __") requires that at any "hearing involving a change in rate, toll or charge, the burden of proof shall be on the applicant therefor to demonstrate that the proposed change is just and reasonable."

While it is clear that the Company's filing is not proper under Paragraph 11.B of the Plan,[7] rate changes resulting from a hearing under either Paragraph 11.A or 11.B must meet the just and reasonable standard.[8]

The Company is also incorrect in arguing that in this proceeding its rates and revenues may not be decreased regardless of the findings with respect to whether its rates are just and reasonable. It is clear that an overall rate and revenue decrease is allowable in this proceeding, because the application seeks consideration of pricing changes to rates that are not subject to the Plan (i.e., access charges) and rates that are subject to the Plan.

GTE proposed adjustments in both types of rates. Access charges are always subject to scrutiny and adjustment on a cost-of-service basis. In this case we must look at the revenues and the expenses of all services in the aggregate and determine whether they are excessive or just. If the aggregate revenues from these services are excessive, and in this case they are, we must establish a proper overall revenue level and determine the appropriate allocation of rate responsibility and rate design to achieve the overall revenue requirement. To conclude otherwise is contrary to the letter and spirit of the Plan. The law does not contemplate or allow a result so against the public interest. We find that GTE's overall revenues and rates must be reduced in this proceeding, because otherwise the rates will not be just and reasonable.

---

[5] The Commission commends the Examiner for his diligent and painstaking management of this extraordinarily large and complex proceeding and adopts nearly all of his numerous recommendations. Nevertheless, the Commission does not, in adopting those recommendations, necessarily concur with the rationale by which the Examiner reached each and every conclusion.

[6] "[T]he company must file a rate application conforming to the rules governing general rate case applications for telephone companies. . ." Paragraph 11.A of the Plan.

[7] Both the original and revised filings proposed changes to BLETS and Discretionary services that were not revenue neutral. The proposed changes to those services, in the aggregate, increase overall revenues from BLETS and Discretionary services priced under the Plan by more than $18 million in the original filing and by more than $6.6 million in the revised filing. The Company's attempted offset of this revenue increase by inclusion of both additional costs and decreases to access prices is improper under Paragraph 11.B of the Plan. Paragraph 11.B, as a threshold matter, deals with revenues, not costs. Requests for increases in regulated operating revenues, even those necessary to offset increases in costs, must be processed under the general rate case filing requirement of Paragraph 11.A. Further, Paragraph 18 of the Plan makes abundantly clear that access prices are not subject to adjustment under the Plan. Thus, increases in revenues from basic and discretionary services may not be offset by decreases to access revenues that result from price changes to that service.

[8] Additionally, changes in Discretionary services alone, as permitted by Paragraph 11.C, must, if implemented following a hearing, produce just and reasonable rates as required by Va. Code § 56-237.2.

Having reached this finding, the Commission will now review certain of the adjustments recommended by the Examiner. On pages 16-20 of the Report, the Examiner discusses and adopts a Staff adjustment to GTE's directory revenues. The Company asserted in its exceptions that a portion of the Staff adjustment recommended by the Examiner reflected a double counting of certain of those revenues. The Staff adjusted the Company's revenues from all of the GTE directory contracts to reflect a change in the "retention rate."[9] The Company has convinced us that the Staff "failed to adjust the 1995 net revenues . . . for an increased retention rate already actually in effect in 1995" for some of the contracts it adjusted. In other words, the general adjustment applied by the Staff was inappropriate for certain contracts that had previously been amended. Correction of this error increases the Company's revenue requirement by $308,826.

Next, on pages 33-36 of the Report, the Examiner deals with the issue of expenses GTE incurs for goods and services provided to it by two of its affiliates, GTE Data Services and GTE Supply. The Examiner considered, and rejected, adjustments to these affiliate expenses proposed by the Staff and the Attorney General that are somewhat similar. The Examiner rejected the Staff proposal that affiliate charges should be based on the affiliate's actual costs on the grounds that it appeared to him to conflict with a decision of the Virginia Supreme Court.

The Examiner observed that the Attorney General proposed to reduce the affiliate charges "because they produce an excessive return on investment" and noted that this "does call into question the reasonableness of the charges."[10] The Examiner rejected this adjustment for the same reason he rejected Staff's proposal. Instead, the Examiner found that GTE met its burden of showing that the prices charged to it by its affiliates are as reasonable as those obtainable elsewhere.

The Commission disagrees with the Report's interpretation of the law in this area. The adjustments proposed by the Staff and the Attorney General were rejected on the premise that the "Supreme Court requires that the reasonableness of affiliate charges be measured by the price of services obtainable elsewhere, not by the affiliate's actual cost of providing service."[11]

There is no question about the Commission's duty to establish the reasonableness of charges paid by utilities to their affiliates. The Commission finds that the test of the reasonableness of any expense incurred by a utility in making such purchases can be simply summarized. Where it is most economical for the utility to purchase the product or service from the market, it should do so. Where it can save money by purchasing from an affiliate at the affiliate's cost, including a reasonable return for the affiliate on the sale, it should do that. Where the Company proposes that the Commission set rates based on charges from an affiliate, the charges must be based on the affiliate's cost, including a reasonable return, so long as this cost does not exceed the market price.[12] The market test applied by this Commission and the Court is to test whether the affiliate's costs are reasonable.

For example, in Commonwealth Gas Services, Inc. v. Reynolds Metals Company, et al., 236 Va. 362, (1988), the Virginia Supreme Court upheld an order of the Commission that denied the utility recovery of its affiliate expenses, because of the failure of the utility to meet its burden of proof as to the reasonableness of those expenses, stating, at page 367, that Commonwealth Gas "Services presented no evidence of comparative prices or affiliate profits. Services' evidence merely itemized the affiliate charges and described how Services reviews and pays affiliate bills."[13]

In Central Telephone Company of Virginia v. State Corporation Commission of Virginia, 219 Va. 863, 881 (1979) the Court stated:

> We do not question the duty of the Commission to determine what expenditures by a telephone company for equipment are reasonable, and in so doing to determine if an affiliate supplier's profit margin is excessive or that the prices charged are higher than those charged by a competing supply company. (Emphasis added.)

The passage set out above describes exactly the determination that the Commission has made in this case. The effect of our adoption of the Staff's adjustment, which restates the affiliate expenses to reflect a reasonable, not excessive return, decreases GTE's revenue requirement by $729,546. With the two changes to the Examiner's Report addressed immediately above, we find the Company's rates should be reduced as shown on the attached table.

Having determined GTE's revenue requirement, we next address revenue allocation and rate design issues. At pages 108-109 of his Report, the Examiner discusses the business to residence rate relationship and PBX to business rate relationship. In its exceptions, GTE objects to the Examiner's recommendation to impose a $2.00 monthly rate increase for the Company's PBX customers in the Contel exchanges and advocates that the Commission should allow for some decrease in the PBX rates for the Company's highest rate groups. We will partially grant GTE's exception and will not require the $2.00 monthly rate increase be applied to the Company's PBX customers in the Contel territory.

At page 103, the Examiner found that the Company's local service revenues should be increased by approximately $6.3 million. This was to be achieved by increasing the rates for basic local service in each rate group in the GTE Contel service territory by $2.00 per month.[14] Our resolution of the

---

[9] The retention rate determines the portion of revenues in a directory publishing contract that are "retained" by the Company, and the remaining portion that the publishing company receives.

[10] Report at 36.

[11] Report at 35.

[12] When a utility sells services or goods to an affiliate, the reverse is true. The utility must recover from the affiliate the greater of cost plus reasonable return or market price.

[13] The service agreement, referred to by the Court at pages 367-68 of its opinion, between Commonwealth and its affiliate required that the charges be made at cost. (See, Final Order, dated December 15, 1981, in Case No. PUA810100, Application of Commonwealth Gas Services, Inc. and Columbia Gas System Service Corporation.)

[14] Like the Examiner, we require the charge for Touch Call to be eliminated with this increased rate as reflected in Schedule 32C of the attached table. We adopt the Examiner's recommendation to withhold the $2.00 monthly increase from GTE's Virginia Universal Service Plan customers, USS business customers in the Contel service territory and local service customers throughout the Company's Southwest territory.

PBX issue slightly changes this finding. As set forth in the attached table, we have revised the additional revenue shown on Schedule 32A to reflect this change.

On page 97 of the Report, the Examiner discusses the issue of whether the carrier common line charge ("CCLC") should be a flat rate or a minute of use rate. In its comments, the Staff asserted the proper rate design for recovery of the CCLC should be a per line charge rather than the per minute of use basis adopted by the Examiner. For the reasons set forth by the Staff, we will adopt a per access line charge administered as in the current Southwest tariff for the CCLC.

On page 117, the Examiner sets forth his findings with regard to revenue allocation. In its exceptions to the Examiner's Report, GTE argued that revenue loss from elimination of Extended Local Service ("ELS") adders should be deducted from toll revenues reported in Schedule 32Q rather than deducted from local adder revenues reported in Schedule 32B. We agree with GTE's exception and have adjusted Schedules 32B and 32Q in the attached table to reflect this revision.

Also, in its exceptions to the Examiner's recommendation on revenue allocation, GTE urged the Commission to eliminate ELS adders in exchanges where new ELS adders had been approved since GTE prepared this case. On page 115 of his Report, the Examiner eliminated ELS adders that went into effect prior to the updated test period.

GTE requested that the adders in the ELS exchanges of Bluefield, Jewell Ridge, Pocahontas, and Richlands in the Southwest territory, and Claremont and Wakefield in the Contel territory which were implemented after September 1995, also be eliminated. The Company quantified the revenue impact of eliminating these new adders as $609,862, and proposed that this revenue should be included in Schedule 32B and subtracted from Schedule 32Q as was proposed for ELS adders that went into effect prior to September 1995. We will grant GTE's request to eliminate these new ELS adders and have incorporated the effect of these changes in the revised Schedules 32B and 32Q as set out in the attached table.

At pages 99-105 of his Report, the Examiner addresses the issues of the increases in basic local rates, local calling areas, rate group restructuring, and affordability. The Examiner recommended that we adopt the Staff's alternative local calling plan ("LCP"). We agree with the Examiner that the Staff's LCP should be adopted but with some modifications.

The Examiner recommended that the pricing of the LCP be designed in such a manner that the plan is revenue neutral. Both GTE in its exceptions and the Staff in its comments objected to the implementation of the LCP on a revenue neutral basis. GTE believes that requiring the LCP to be implemented on a revenue neutral basis may result in rates, relative to basic local service rates, that are unreasonably high and not viable as a local calling solution for customers. The Staff expressed concern that a separate revenue neutral filing could also result in further delay in implementing the LCP.

We agree that the LCP should not be implemented on a revenue neutral basis. The additional cost of the LCP will be recovered by reducing the amount of the decrease that would have otherwise been provided to Toll and Switched Access rates. The Company shall file data showing precisely and in detail how the additional LCP costs were determined.

GTE, in its exceptions, argued that we should reject the rate relationships proposed by the Staff in the LCP because Staff's Option 4 rates are significantly underpriced compared to the other LCP options and basic service. We will require the proposed LCP tariff that GTE files to include rates that follow the rate relationship set forth by the Staff with the exception of Option 4. We will permit GTE to price Option 4 for residential customers at a premium over Option 3 rates of not more than $17.00.

We also direct GTE to develop Option 4 rates for business customers with the price of such an option calculated on a stand-alone basis. Upon consideration of this filing, the Commission will determine whether Option 4 should be extended to business customers.

The Examiner also recommended that the Company be directed to file proposed rates and a proposed implementation plan for the Staff's LCP no later than 60 days after the Commission's final order in this case. Instead, we will require GTE to file its proposed tariffs for all its services in accordance with the Commission's findings in this case, including the LCP, no later than 45 days after entry of this order. Along with its proposed rates for the LCP, GTE shall provide a proposed implementation schedule with proposed customer notice and a revenue impact analysis. The Commission urges the Company to submit an implementation schedule that makes the LCP available to its customers as soon as possible. Also, in order to expedite review of the filings made by GTE, the Company is directed to work closely with the Staff prior to its filing to keep Staff apprised of its contents.

In the rebuttal testimony of GTE witness Carlson, the Company claims a net revenue reduction of approximately $3 million associated with implementing the Staff's LCP, at the Staff's illustrative rates. We anticipate that the allowance of a greater premium for Option 4 should moderate the revenue reduction figure presented by GTE in its rebuttal. In addition, the Commission will direct the Staff to evaluate GTE's proposed rates and revenue impact analysis to ensure that the rates and revenues are properly determined.

At pages 87-89, the Examiner discusses access charge reductions and at pages 98-99 he discusses intraLATA toll rate decreases. We agree with the rationale used by the Examiner, that supported his findings on these issues.[15] Nevertheless, the amount of reductions in access charges and intraLATA toll rates found by the Examiner will be reduced by the revenue loss associated with implementation of the Staff's LCP. The cost recovery for the LCP will be achieved by increasing the Commission ordered access and toll revenues as set forth in Column 3 of the attached table by equal amounts. Even though this revision decreases reductions of access charges and toll rates from those proposed by the Examiner, there will be a substantial reduction in these charges when compared to present rates.

Based upon our findings and modifications of the Examiner's report in this case, the Company's gross annual operating revenues must be reduced by $27,360,538 for an overall revenue requirement of $247,676,103 to bring the Company's current rates to a level that is just and reasonable. The decrease should be allocated to the Company's rate schedules as set forth in the attached table, except for the revenue effect of the adoption of the LCP which is not shown. As stated previously, the Company will be permitted to offset the cost of the LCP by correspondingly increasing revenues from toll and access in equal amounts to retain the total revenue requirement of $247,676,103.

[15] The additional revenue reduction for toll has also been adjusted to reflect GTE's proposed rate design structure for elimination of additional ELS adders as requested by the Company in its exceptions to the Hearing Examiner's report filed on April 11, 1997.

Accordingly, IT IS ORDERED THAT:

(1) Within 45 days of entry of this order, GTE shall file with the Commission's Division of Communications tariffs and other filings required by this order that are consistent with the findings above. Such filings shall include a reasonable implementation and notice schedule for the LCP.

(2) Except for the LCP tariffs, the tariffs with the rates ordered herein shall be effective for service rendered on and after the fifteenth day following the filing. While the tariffs will become effective 15 days after filing, they will be subject to further review by the Commission to ensure compliance with this Order; rate and tariff changes and appropriate refunds will be ordered for the failure of the tariffs to so comply, if necessary.

(3) This case is continued generally for further orders of the Commission.

NOTE: A copy of the Attachment 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. PUC950019
NOVEMBER 7, 1997

APPLICATION OF
GTE SOUTH INCORPORATED

For revisions to its local exchange, access and intraLATA long distance rates

ORDER AUTHORIZING LOCAL CALLING PLAN

By Order of October 20, 1997, the Commission invited comments from interested parties concerning the Local Calling Plan ("LCP") as filed by GTE South, Inc. ("GTE") on September 22,1997. Comments were received October 31, 1997, from the Division Consumer Counsel, Office of the Attorney General stating that the revised LCP appears to be a reasonable approach. Consumer Counsel does not oppose its implementation.

Having considered the comments of the Consumer Counsel together with the comments contained in the Staff Motion of October 16, 1997, the Commission finds that GTE should be authorized to implement the revised LCP. This finding includes the approval of the flat rate Option 4 for business customers as submitted by GTE.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) GTE's revised LCP may take effect as filed according to its proposed implementation schedule.

(2) Customer notice on the revised LCP must be reviewed by the Staff prior to mailing.

(3) This case is continued generally for further orders of the Commission.

CASE NO. PUC950060
MAY 1, 1997

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.

To remove restriction on extended area service rate regrouping

FINAL ORDER

On July 17, 1995, United Telephone-Southeast, Inc. ("United" or "Company") filed an application seeking the removal of a tariff restriction that no exchange in an extended area service group be more than one rate group higher or lower than the largest exchange in that group. The restriction was imposed by the Commission's Final Order of January 17, 1975, in Case No. 19417, and is contained in Section U3.1.b of the Company's General Subscriber Services Tariff.

By order of August 20, 1996, the Commission directed United to publish newspaper notice in its entire service territory about its proposal to remove the restriction. Also, United was directed to furnish customers in the Ceres, Konnarock, and Rural Retreat exchanges notice by either bill inserts or direct mail because they would be the only customers immediately subject to rate increases if the restriction were removed. Comments were received by October 30, 1996 and Staff filed its report about the proposal on November 12, 1996. Only eleven letters and a petition with seventeen signatures were received from the customers in the three affected exchanges, Ceres, Konnarock, and Rural Retreat. According to the Staff Report, the petition and seven of the letters opposed the removal of the tariff restriction and the resulting rate increases. Three of the remaining letters requested local hearings.

Staff is not opposed to eliminating the tariff restriction. Elimination of the restriction would place customers with similar local calling scopes in uniform rate groups. Also, no other local exchange company has such a restriction upon its ability to regroup.

Having considered the Company's application, the Staff report, and the letters and petition received, the Commission finds that the tariff restriction should be removed.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The extended area service restriction contained in the Company's General Subscriber Service Tariff Section U3.1.b is hereby removed.

(2) There being nothing further to come before the Commission, this matter is dismissed and the papers accumulated herein shall be placed in the file for ended causes.

CASE NO. PUC950066
FEBRUARY 10, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
UNITED TELE-SYSTEMS OF VA., INC.
3122 West Clay Street, Room 8
Richmond, Virginia 23220,
Defendant

FINAL ORDER

On December 5, 1995, the Commission issued a Settlement Order which required the Defendant United Tele-Systems of Virginia, Inc. ("UTS") to pay a penalty fee of fifteen thousand, eight hundred dollars ($15,800). A portion of that fee was due on January 1, 1996, and the balance was suspended on the condition that the Defendant correct the violations cited in the Rule to Show Cause issued on September 13, 1995.

NOW THE COMMISSION, having considered the matter, is of the opinion and finds that UTS is in substantial compliance with the Settlement Order, and that this matter may now be closed. Accordingly,

IT IS ORDERED THAT:

(1) UTS is relieved of its obligation to pay the suspended portion of the penalty fee imposed by the Settlement Order.

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

CASE NO. PUC950076
MARCH 11, 1997

APPLICATION OF
WINSTAR WIRELESS OF VIRGINIA, INC.

For Certificates of Public Convenience and Necessity to Provide Intrastate Telecommunications Service

FINAL ORDER

On October 5, 1995, WinStar Wireless of Virginia, Inc. ("WinStar" or "Applicant") filed an application for a Certificate of Public Convenience and Necessity to provide intrastate, interexchange telecommunications service in Virginia and to have its rates determined competitively. On September 9, 1996, WinStar filed its Amendment to Petition for a Certificate of Public Convenience and Necessity, seeking additional authority to provide local exchange telecommunications service.

By order dated December 23, 1996, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission's Staff ("Staff") to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to WinStar's application for a certificate to provide local exchange service.

On February 18, 1997, the Staff filed its report, finding that WinStar's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition as adopted in Case No. PUC950018, and the Commission's Rules Governing the Certification of Interexchange Carriers as amended in Case No. PUC850035. Therefore, the Staff recommended granting WinStar a local exchange certificate and an interexchange certificate.

A hearing was conducted on February 28, 1997. WinStar filed its proof of publication and proof of service as required by the December 23, 1996 Scheduling Order. At the hearing, the application and accompanying exhibits, and the Staff report were entered into the record without objection.

Having considered the application as amended and the Staff report, the Commission finds that WinStar's application should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) WinStar Wireless of Virginia, Inc. is hereby granted a Certificate of Public Convenience and Necessity, No. TT-32A, to provide interexchange service subject to the restrictions set forth in the Commission's Rules Governing Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) WinStar Wireless of Virginia, Inc. is hereby granted a Certificate of Public Convenience and Necessity No. T-374, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) WinStar shall file tariffs with the Division of Communications which conform with all applicable Commission Rules and Regulations.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in a file for ended causes.

CASE NO. PUC950081
DECEMBER 18, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In the matter of investigating universal telephone service

ORDER DISMISSING CASE

On December 13, 1995, the Commission entered its Order Prescribing Notice and Inviting Comments, in which it opened this docket and called for comments from interested parties on measures needed to preserve and enhance universal telephone service. Comments were received from a number of such parties.

In February 1996, the Telecommunications Act of 1996 ("Act") was passed into law. Section 254 of the Act established certain universal service requirements. To date, the Commission has initiated three separate dockets to deal with universal service issues mandated by the Act. In Case No. PUC970063, the Commission approved discounts for telecommunications services for schools and libraries. In Case No. PUC970135, the Commission established criteria whereby carriers could be designated as eligible to receive federal support for provision of universal telephone services. Finally, in Case No. PUC970166, the Commission is considering revisions to the Virginia Universal Service Plan, which provides discounted telephone services to eligible low-income individuals.

NOW THE COMMISSION, in consideration of the above, is of the opinion and finds that this case should be dismissed. Passage of the Act and the subsequent actions undertaken by the Commission in response to the Act have rendered unnecessary the continuation of this general docket. The Commission may initiate additional dockets as are necessary on any further universal service issues.

Accordingly, IT IS ORDERED THAT this matter shall be, and is, DISMISSED and the papers transferred to the file for ended causes.

CASE NO. PUC960018
APRIL 25, 1997

APPLICATION OF
LCI INTERNATIONAL OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange telephone service

FINAL ORDER

On March 29, 1997, LCI International of Virginia, Inc. ("LCI" or "Applicant") filed an application for certificates of public convenience and necessity to provide local exchange telecommunications service throughout the Commonwealth of Virginia. LCI filed an amendment to its application on January 30, 1997.

By order dated February 21, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence on LCI's application.

On April 1, 1997, the Staff filed its report finding that LCI's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018. Therefore, the Staff recommended granting a local exchange certificate to LCI.

A hearing was conducted on April 10, 1997. LCI filed proof of publication and proof of service as required by the February 21, 1997 scheduling order. At the hearing, the application and accompanying attachments, and the Staff report were entered into the record without objection by the parties.

Having considered the application and the Staff report, the Commission finds that LCI's application should be granted.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) LCI International of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-377, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) LCI shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the filed for ended causes.

CASE NO. PUC960023
DECEMBER 23, 1997

APPLICATION OF
GTE SOUTH, INC.

For approval of optional unbundled switched access feature group services

ORDER OF DISMISSAL

On January 2, 1996, GTE South, Incorporated ("GTE" or "Company") filed revisions to its access tariffs for its Southwest and Contel service territories that introduced optional unbundled switched access feature group services. The tariff revisions were suspended. On September 23, 1997, the Commission issued an order directing the Company to advise whether, following the enactment of the Telecommunications Act of 1996, GTE desired the tariff revisions to become effective.

On October 7, 1997, the Company advised the Commission that it no longer requests approval of its proposed tariff revisions.

Accordingly, IT IS ORDERED THAT:

(1) The tariff revisions referenced herein shall be withdrawn.

(2) There being nothing further to come before the Commission, the matter is dismissed.

CASE NO. PUC960025
OCTOBER 9, 1997

APPLICATION OF
PREFERRED CARRIER SERVICES OF VIRGINIA, INC.

For certificate of public convenience and necessity to provide local exchange telecommunications services

FINAL ORDER

On April 29, 1996, Preferred Services of Virginia, Inc. ("PCS" or "Applicant") filed an application for a certificate of public convenience and necessity to provide local exchange telecommunications services. The application was completed on June 12, 1997. On July 10, 1997, the Commission entered its Order for Notice and Hearing setting this matter for hearing and directing the Company to publish notice of its application on or before August 4, 1997. Additionally, PCS was directed to give notice of its application to each local exchange telephone carrier certificated to provide service in the Company's proposed service territory before July 31, 1997. On August 14, 1997, on advisement that PCS had inadvertently failed to comply with the provisions of the Order, the Commission entered an Amended Order for Notice and Hearing extending the date for publication of notice and rescheduling the date of the hearing. PCS intends to offer local exchange telecommunications services within the Commonwealth in the same service areas currently served by Bell-Atlantic Virginia, Inc., GTE South, Inc., Sprint/Centel-Virginia, Inc., and Sprint/United Telephone Southeast.

On September 22, 1997, the Staff filed its report finding that PCS's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, and therefore the Staff recommended granting the Applicant the requested certificate.

A hearing was conducted on October 2, 1997. PCS filed proof of publication and proof of service as required by the August 14, 1997, amended scheduling order. At the hearing, all pertinent documents were entered into the record without objection.

Having considered the application and the Staff Report, the Commission finds that PCS's application should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Preferred Carrier Services of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-390, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(2) PCS shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.

CASE NO. PUC960061
AUGUST 13, 1997

APPLICATION OF
GTE SOUTH INCORPORATED

To discontinue offering Fractional T1 Service

ORDER OF DISMISSAL

On April 22, 1996, and August 9, 1996, GTE South Incorporated ("GTE South" or "the Company") filed tariff revisions with the Division of Communications which would have the effect of closing the offering of Fractional T1 private line service in the General Customer Services Tariffs for GTE's entire service area and also ceasing the offering of Fractional T1 special access service in the Company's southwest territory. By order of September 5, 1996, the Commission prescribed direct mail notice to the affected customers about the closings. GTE inadvertently failed to provide that notice and on February 5, 1997, advised the Commission of this omission by filing its Request for Order Prescribing Notice.

By letter filed August 7, 1997, GTE South stated that it had reconsidered its request and had determined that it no longer wished to discontinue Fractional T1 services. GTE asked to withdraw its initial 1996 tariff revisions and its February 5, 1997 Request for Order Prescribing Notice. The Commission finds that the request should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) GTE South's requests to withdraw its 1996 tariff revisions and its February 5, 1997 Request for Order Prescribing Notice are granted.

(2) There being nothing further to come before the Commission, this matter is dismissed and the papers accumulated herein shall be placed in the file for ended causes.

CASE NO. PUC960062
JANUARY 8, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For tariff revisions pursuant to paragraph 8A of the Alternative Regulatory Plan for Central Telephone Company of Virginia and United Telephone-Southeast, Inc.

FINAL ORDER

On May 7, 1996, the Central Telephone Company of Virginia ("Centel" or "the Company") filed revisions to its general subscriber services tariff with the Commission's Division of Communications. Centel is seeking the changes pursuant to paragraph 8A of the Alternative Regulatory Plan for Central Telephone Company of Virginia and United Telephone-Southeast, Inc. ("Plan") which became effective January 1, 1995. This paragraph permits Commission approval of price changes that do not result in a net increase in operating revenues. By order of July 19, 1996, the Commission prescribed notice to the affected customers, those using Centel's high-capacity services, TransLink, and DigiLink. That order also allowed the rates to take effect on an interim basis, subject to refund. Pursuant to that order, customers were notified by mail about the proposed revisions and directed to file any comments or requests for hearing on or before August 30, 1996.

The deadline for comments or requests for hearing has passed and no such comments or requests were received. The application states that Centel's restructuring of its DigiLink and TransLink tariffs are overall price decreases for those services. Centel did not propose to increase other prices to recover the potential revenue losses, however because two DigiLink rate elements increased, Centel filed this matter and it was evaluated as a rate restructuring under the provisions of paragraph 8 of the Plan.

After having considered the application and the lack of objections or requests for hearing, the Commission finds that Centel's rate restructuring is in the public interest. Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Centel may implement the DigiLink and TransLink tariff revisions as proposed.

(2) The DigiLink and TransLink rates are no longer interim and no longer subject to refund.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC960082
JANUARY 13, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

To implement extended local service from its Farmville exchange to Bell Atlantic-Virginia's Cartersville exchange

FINAL ORDER

On June 18, 1996 Central Telephone Company of Virginia ("Centel" or "the Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2, proposing to notify the Company's Farmville customers of the increases in monthly rates that would be necessary to extend their local service to include the Cartersville exchange of Bell Atlantic-Virginia, Inc. ("BA-VA"). The application states that the telephone subscribers in the Cartersville exchange petitioned the Commission for local calling to Farmville on July 10, 1995. Using a cost study prepared by BA-VA, and reviewed by the Staff, the Commission determined the increase in monthly rates for service that would result from expansion of the local service area of the Cartersville exchange. The subscribers in the exchange were polled regarding their willingness to pay increased rates for local calling to Farmville. The majority of the responding subscribers supported the expansion of local service.

By order of July 25, 1996, the Commission directed Centel to published notice of the proposed increase. Comments or request for hearing were due on or before September 16, 1996.

On October 8, 1996, the Division of Communications submitted its report referring to the notice that was published by Centel, and stating that no comments or requests for hearing had been received. The Commission has determined that pursuant to the provisions of § 56-484.2A of the Code of Virginia, no poll was required of the Farmville exchange because the proposed residential rate increase in that exchange does not exceed five percent of the existing monthly one-party residential flat rate. The Commission need not convene a hearing unless requested by the lesser of five percent or 150 customers in the Farmville exchange, as provided in § 56-484.2C of the Code of Virginia. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from Centel's Farmville exchange to Cartersville exchange of BA-VA may be implemented in a manner suitable to the two companies.

(2) The two companies shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NOS. PUC960100, PUC960103, PUC960104, PUC960105, and PUC960113
JANUARY 27, 1997

PETITION OF
AT&T COMMUNICATIONS OF VIRGINIA, INC.

For arbitration of unresolved issues from interconnection negotiations with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

PETITION OF
TCG VIRGINIA, INC.

For arbitration of unresolved issues from interconnection negotiations with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

PETITION OF
COX FIBERNET COMMERCIAL SERVICES, INC.

For arbitration of unresolved issues from interconnection negotiations with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

PETITION OF
BELL ATLANTIC-VIRGINIA, INC.
and
MFS INTELENET OF VIRGINIA

For arbitration of unresolved issues from interconnection negotiations with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

PETITION OF
MCI TELECOMMUNICATIONS CORPORATION
and
MCImetro ACCESS TRANSMISSION SERVICES OF VIRGINIA, INC.

For arbitration of unresolved issues from interconnection negotiations with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

AMENDING ORDER

On November 8, 1996, the Commission entered an Order Setting Proxy Prices and Resolving Interim Number Portability in the above-referenced cases. Among other things, that Order set interim prices Bell Atlantic-Virginia, Inc. ("BA-VA") could charge the petitioners for unbundled elements and interconnection. On November 25, 1996, BA-VA filed a letter requesting clarification on the Commission's November 8 Order. BA-VA requested that the November 8 Order be amended to include the rates for dedicated transmission links, shared transmission facilities between tandem switches and end offices, and tandem switching. These rates are consistent with the proxy rates set by the Federal Communications Commission In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, (First Report and Order, CC Docket No. 96-98, released August 8, 1996) ("FCC Order") and the Final Rules appended thereto. In addition, Commission Staff supported adoption of these rates. Therefore, the Commission finds it proper to amend its November 8 Order and set rates for the above-listed services.

Having considered BA-VA's letter, and in accordance with the Telecommunications Act of 1996, the FCC Order, and Final Rules appended thereto, and other applicable law, the Commission is of the opinion and orders that:

(1) The interim rates for dedicated transmission links shall be the existing interstate tariffed rates.

(2) The interim rates for shared transmission facilities between tandem switches and end offices shall be the weighted per minute equivalent of DS1 and DS3 circuits.

(3) The interim rate for tandem switching shall be $.0015/minute, plus tandem transport as needed.

CASE NO. PUC960100
SEPTEMBER 4, 1997

PETITION OF
AT&T COMMUNICATIONS OF VIRGINIA, INC.

For arbitration of unresolved issues with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On December 2, 1996, the Commission entered an Order Resolving Remaining Arbitration Issues and Requiring Filing of Interconnection Agreement ("December 2 Order") which, among other things, required AT&T Communications of Virginia, Inc. ("AT&T") and Bell Atlantic-Virginia, Inc. ("BA-VA") to file an interconnection agreement. The parties filed this interconnection agreement on August 5, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX § 2 and § 56-35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5(B) and § 56-265.4:4(C)(1) of the Code of Virginia. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated or arbitrated agreements, AT&T, BA-VA, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA certified that the interconnection agreement was filed pursuant to the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996 as adopted in Case No. PUC960059 ("procedural rules"). Therefore, the interconnection agreement was served on the modified service list as required by § C(7) of the procedural rules. Under the procedural rules, comments were to be filed within ten days of the filing of the agreement. No comments were filed.

As required by § A(2) of the procedural rules, we have reviewed the negotiated portions of the agreement pursuant to § 252(e)(2)(A) of the Telecommunications Act of 1996 ("the Act") and the arbitrated portion pursuant to § 252(e)(2)(B) of the Act. Under these criteria, we find no reason to reject this agreement. However, there are portions of the agreement that raise concerns.

First, in Attachment 1 (Price Schedule), Table 1, at pages 11, 13, 15, 16, the following or similar language appears in reference to several BA-VA services:

> "Track and True-up" When and if the Commission determines that these charges may be assessed and establishes a rate and cost recovery method, there will be a retroactive true-up with interest charges at the prime or appropriate Commission-determined rate.

We have not decided to establish any interest rate when and if those situations arise. The parties are free to negotiate activities that they themselves will conduct, but the parties cannot agree to bind future Commission actions. To the extent that there are other sections of the agreement that attempt to bind the Commission's future actions, they shall not be enforceable.

In a similar fashion, we are also concerned with Item 45.1.3 at p. 41 of the agreement. It requires BA-VA to file with the Commission on a proprietary basis copies of all effective customer specific offerings of telecommunications services not otherwise available for public inspection. The filing of such copies is permissible but shall not be construed to imply that the Commission has necessarily reviewed, approved, or endorsed such filings.

Despite the above comments, we find that the agreement should be approved. The agreement is binding only on BA-VA and AT&T and should not be viewed as precedent for other agreements. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution Art. IX § 2 and § 56-35 of the Code of Virginia, the agreement is hereby approved pursuant to § 252(e) of the Act.

(2) Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(3) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file with the Commission's Division of Communications for inspection by the public.

(4) This case shall remain open to receive any amendments to the interconnection agreement.

CASE NO. PUC960103
MARCH 24, 1997

PETITION OF
TCG VIRGINIA, INC.

For arbitration of unresolved issues from interconnection negotiations with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER ON SUBMISSION OF INTERCONNECTION AGREEMENT

On November 8, 1996, the Commission entered an Order Resolving Remaining Arbitration Issues and Requiring Filing of Interconnection Agreement requiring Bell Atlantic-Virginia, Inc. ("BA-VA") and TCG Virginia, Inc. ("TCG") to file an interconnection agreement ("Agreement") by January 7, 1997. On February 21, 1997, the Companies filed the Agreement and requested that the Commission waive the filing date and approve the Agreement under § 252(e) of the Telecommunications Act of 1996 ("the Act"). The Commission will accept the Agreement and waive the filing date in this case.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56-35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated or arbitrated agreements, TCG, BA-VA, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act") as adopted in Case No. PUC960059 ("procedural rules"). Comments were to be filed on March 3, 1997. BA-VA filed an errata and revised papers March 21, 1997.

As with our Order Approving Agreement entered March 17, 1997 in Case No. PUC960104, the Commission will review the negotiated portions of the Agreement pursuant to the two criteria of § 252(e)(2)(A) of the Act and the arbitrated portions, pursuant to the criteria of § 252(e)(2)(B), i.e., meeting the requirements of § 251 and the standards set forth in § 252(d). This is required by § A.2 of the procedural rules.

No one filed comments asserting that this Agreement was inconsistent with the public interest, convenience and necessity or that it was discriminatory to any other telecommunications carrier. The Commission has reviewed the proposed Agreement pursuant to the criteria listed above and finds no reason to reject the Agreement under § 252(e)(2)(A) or (B). Nonetheless, we find that revisions are needed in the Agreement to correct typographical errors, to correct inaccurate references, or to conform to the Commission's arbitration orders entered herein and to comply with the mandates of the Act concerning the Commission's authority to determine prices under § 252(d).

The first revision occurs in the second sentence of § 5.7.2 of the Agreement. The first phrase of that sentence should be modified as follows: "Until such time as the Commission adopts permanent rates consistent with the requirements of § 252(d) of the Act and applicable FCC requirements established under § 251 of the Act, the rates set forth in Exhibit A. . . ." This language is more consistent with the Act and the October 15, 1996, stay entered by the U.S. Circuit Court of Appeals for the 8th Circuit.

The final sentence of § 11.0 of the Agreement contains a restriction that TCG shall not recombine network elements purchased from BA-VA for use as a substitute for the purchase at wholesale rates of telecommunications services that BA-VA provides unless otherwise mandated by the FCC or the Commission or agreed to by BA-VA with other carriers. This restriction is inconsistent with the Commission's determination that § 251(c)(3) of the Act does not restrict the recombination of unbundled elements. Nonetheless, if TCG voluntarily takes that restriction upon itself, the Commission will not require that it be revised.

Similarly, the next to the last sentence of § 19.1.1 of the Agreement requires TCG to pay BA-VA's tariff charges for additional and foreign white page listings and other white pages services. In other negotiations and in its Statement of Generally Available Terms, BA-VA has offered these directory listings at the wholesale discount from the tariffed rates. If TCG has voluntarily negotiated for a higher rate, the Commission will not require revision of the negotiated Agreement.

Section 20.1.1 and 20.1.2 of the Agreement contain imprecise or inaccurate references to "wholesale discount rates." Section 20.1.1 requires certain wholesale rates to remain fixed for the term of the Agreement. Section 20.1.2 indicates that the "wholesale discount rate" shall serve as an interim rate until replaced by permanent rates.

Pursuant to the Commission's order of November 8, 1996, in Case Nos. PUC960100, PUC960104, and PUC960113, wholesale rates are determined by applying an appropriate discount percentage to the retail rate. Those discount percentages are permanent, not interim. Wholesale discount prices may vary, however, if the underlying retail rate to which the permanent discount percentage is applied changes. The parties shall clarify their intent in Sections 20.1.1 and 20.1.2 with this explanation in mind.

Items 1 A, 1 B, 1 E, 5 A, 5 B, 10 A, and 10 C of Exhibit A to the Agreement set prices at both intrastate and interstate tariff rates. However, in many instances there is not yet an intrastate tariff. Hence, references to intrastate tariff rates are meaningless. The Commission will consider the interstate tariff rate to be the default rate when there is no intrastate tariff. The parties are directed to clarify upon the refiling of their Agreement their intent with regard to when, if ever, an intrastate rate is to take effect upon the filing of an intrastate tariff. The parties should also clarify which of these interim proxy prices will be replaced by permanent prices from Case No. PUC970005.

In several places, Exhibit A also refers to "pre-interim rates" to ". . . apply until either Commission-approved interim proxy rates or permanent rates are determined." Footnotes then explain that pre-interim rates would be based on a hierarchy set out in the footnotes. While the hierarchy established in the footnotes seems to equate these "pre-interim rates" with the Commission approved interim proxy rates established in the order of

November 8, 1996, the Agreement would be more clear if it simply stated that the order's interim proxy rates were to be used until replaced by permanent prices. The portions of Exhibit A that need clarification in this regard are as follows:

(1) Item 4 A - local loop transmission;

(2) Item 11 A - interim number portability through co-carrier call forwarding; and

(3) Item 1 A under B TCG service - interim number portability through co-carrier call forwarding.

Further, the BA-VA errata explained that Item 4 A in Exhibit A should refer to § 11.2 instead of § 11.1.

The per minute charge for local switching and the monthly charge for a switch port listed in Item 6 of Exhibit A are different from the same elements as priced in the Commission's order of November 8, 1996. Apparently, since the date of that order, the parties have negotiated for slightly varying rates. That negotiated variance does not appear to be discriminatory to other carriers or contrary to the public interest.

With the revisions noted above, the Commission finds that the Agreement should be approved. It should not, however, be viewed as Commission precedent for other agreements. It is directly binding only on BA-VA and TCG. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution Art. IX, Section 2, and § 56-35 of the Code of Virginia, the Agreement, as modified above, is hereby approved in compliance with § 252(e) of the Act. The parties shall refile the Agreement with the changes previously discussed within ten days of this order.

(2) Pursuant to § 252(h) of the Act, a copy of the refiled Agreement shall be kept on file with the Commission's Division of Communications for inspection by the public.

CASE NO. PUC960103
MAY 30, 1997

PETITION OF
TCG VIRGINIA, INC.

For arbitration of unresolved issues from interconnection negotiations with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On March 24, 1997, the Commission entered an Order on Submission of Interconnection Agreement in this case requiring certain amendments to the agreement. Bell Atlantic-Virginia, Inc. and TCG Virginia, Inc. filed a revised agreement on April 21, 1997. The Commission has reviewed the parties' revised agreement. We find that there is still ambiguity in the language of Sections 20.1.1 and 20.1.2 regarding whether wholesale discounts are permanent or interim. Although the parties seem content that they have clarified the ambiguity, the Commission still finds the language unclear. Nevertheless, the Commission's ruling on wholesale discounts was a permanent rate and the agreement can take effect despite the ambiguous language.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) As amended, this agreement is approved under § 252(e) of the Telecommunications Act of 1996 ("the Act"). Any future negotiations that result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of the amended agreement shall be kept on file with the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the interconnection agreement.

CASE NO. PUC960104
MARCH 17, 1997

PETITION OF
COX FIBERNET COMMERCIAL SERVICES, INC.

For arbitration of unresolved issues from interconnection negotiations with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On November 8, 1996, the Commission entered an Order Resolving Remaining Arbitration Issues and Requiring Filing of Interconnection Agreement directing Bell Atlantic-Virginia, Inc. ("BA-VA") and Cox Fibernet Commercial Services, Inc. ("Cox") to file an interconnection agreement ("Agreement"). The parties filed an Agreement on February 14, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56-35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated or arbitrated agreements, Cox, BA-VA, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for Cox certified that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act") as adopted in Case No. PUC960059 ("procedural rules"). Under the procedural rules, comments were to be filed within ten days, by February 24, 1997. AT&T Communications of Virginia, Inc. ("AT&T") filed comments on March 14, 1997. We will allow and consider AT&T's late-filed comments pursuant to Section 3 of the procedural rules.

One concern raised by AT&T was the statement saying the Agreement complied with the checklist requirements of § 271 of the Act, 47 U.S.C. § 271 ("§ 271 checklist"). A review for compliance with the § 271 checklist is neither required, nor appropriate at this time. Therefore, the Commission has not reviewed the terms of the Agreement for compliance with § 271 of the Act, does not pass judgment on whether the Agreement meets the requirements of the § 271 checklist, and attaches no weight to the statement of the parties that their Agreement meets the § 271 checklist.

AT&T is also concerned that the negotiated portions of the Agreement be reviewed pursuant to the two criteria of § 252(e)(2)(A) of the Act and that the arbitrated portion of the Agreement be reviewed pursuant to the criteria of § 252(e)(2)(B), i.e., meeting the requirements of § 251 and the standards set forth in § 252(d). This is required by Section A.2 of the procedural rules. The Commission has reviewed the proposed Agreement pursuant to these criteria and finds no reason to reject the Agreement under § 252(e)(2)(A) or (B).

No one filed comments asserting that this Agreement was inconsistent with the public interest, convenience, and necessity. Nonetheless, we find that there are phrases in the Agreement that must be modified or omitted in order to conform to the Commission's arbitration orders and to comply with the mandates of the Act concerning the Commission's authority to determine prices under § 252(d).

The first revision occurs in the second sentence of § 5.7.2 of the Agreement. The first phrase of that sentence should be modified as follows: "Until such time as the Commission adopts permanent rates consistent with the requirements of § 252(d) of the Act and applicable FCC requirements established under § 251 of the Act, the rates set forth in Exhibit A. . . ." This language is more consistent with the Act and the October 15, 1996, stay entered by the U.S. Circuit Court of Appeals for the 8th Circuit.

In § 13.1 of the Agreement, in the third sentence, the phrase "Unless Applicable Law permits otherwise . . ." will be omitted. The Commission's orders are the controlling law in this case, until altered by the Commission or the courts.

With the two changes noted above, the Commission finds that the Agreement should be approved. It should not, however, be viewed as Commission precedent for other agreements. It is directly binding on only BA-VA and Cox. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution Art. IX, Section 2, and § 56-35 of the Code of Virginia, the Agreement, as modified above, is hereby approved in compliance with § 252(e) of the Act. The parties shall refile the Agreement with the changes previously discussed within ten days of this order.

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file with the Commission's Division of Communications for inspection by the public.

CASE NO. PUC960104
APRIL 28, 1997

PETITION OF
COX FIBERNET COMMERCIAL SERVICES, INC.

For arbitration of unresolved issues from interconnection negotiations with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

FINAL ORDER

Pursuant to the Commission's Order of March 17, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and Cox Fibernet Commercial Services, Inc. ("Cox"), on March 27, 1997, filed revised pages to their interconnection agreement. By order of April 1, 1997, the Commission invited comments about the revisions. No comments were submitted.

The Commission has reviewed the two revised pages submitted by BA-VA and Cox and finds them to be in compliance with our order of March 17, 1997. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to § 252(h) of the Act, 47 U.S.C. § 252(h), a copy of the revised agreement shall be kept on file with the Commission's Division of Communications for inspection by the public.

(2) There being nothing further to come before the Commission, this matter is dismissed and the record developed herein shall be placed in the file for ended causes.

CASE NO. PUC960105
FEBRUARY 10, 1997

PETITION OF
BELL ATLANTIC-VIRGINIA, INC.
and
MFS INTELENET OF VIRGINIA

For arbitration of unresolved issues from interconnection negotiations with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER APPROVING AMENDMENT TO INTERCONNECTION AGREEMENT

On January 8, 1997, MFS Intelenet of Virginia ("MFS") and Bell Atlantic-Virginia, Inc. ("BA-VA") filed an amendment to their interconnection agreement ("amendment") of July 6, 1996. This amendment was filed pursuant to the Commission's Order Setting Proxy Prices and Resolving Interim Number Portability entered in this docket on November 8, 1996. Pursuant to that Order, MFS and BA-VA adopted recurring rates for two-wire unbundled local loops and rates twice as great for four-wire unbundled local loops. They also adopted a monthly charge for physical collocation cross-connects.

Pursuant to an agreement reached during the arbitration hearings, in the amendment, MFS and BA-VA adopted nonrecurring rates for the provision and installation of unbundled voice grade loops.

No objections to the amendment have been received.

Having reviewed the amendment, the Commission finds that the amendment should be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The amendment is hereby approved.

(2) There being nothing further to come before the Commission, this matter is dismissed and the record developed herein shall be placed in the file for ended causes.

CASE NO. PUC960107
AUGUST 6, 1997

APPLICATION OF
INTERMEDIA COMMUNICATIONS, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On July 19, 1996, Intermedia Communications Inc. ("Intermedia" or "Applicant") filed an application for a certificate of public convenience and necessity to provide local exchange telecommunications services. On May 2, 1997, the Applicant amended its application to also request a certificate of public convenience and necessity to provide interexchange telecommunications services. Intermedia intends to offer these services throughout the Commonwealth of Virginia.

By order dated May 30, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to Intermedia's application for a certificate to provide local exchange service. On July 16, 1997, the Staff filed its report finding that Intermedia's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, and the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035, and therefore the Staff recommended granting the Applicant the requested certificates.

A hearing was conducted on July 29, 1997. Intermedia filed proof of publication and proof of service as required by the May 30, 1997 scheduling order. At the hearing, the application, prefiled direct testimony, the amendments to the application, and the Staff Report were entered into the record without objection.

Having considered the application, as amended, the testimony and the Staff Report, the Commission finds that Intermedia's application should be granted.

Having considered Va. Code § 56-481.1, the Commission also finds that Intermedia may price its interexchange services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Intermedia Communications Inc. is hereby granted a certificate of public convenience and necessity, No. TT-37A, to provide interexchange service subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(2) Intermedia Communications Inc. is hereby granted a certificate of public convenience and necessity, No. T-384, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(3) Intermedia shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(4) Pursuant to § 56-481.1 of the Code of Virginia, Intermedia may price its interexchange services competitively.

(5) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.

CASE NO. PUC960110
DECEMBER 1, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
MFS INTELENET OF VIRGINIA, INC.

For approval of interconnection agreement under Section 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AMENDMENT

On August 21, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and MFS Intelenet of Virginia, Inc. ("MFS") (collectively "the Companies") submitted Amendment No. 2 to their Interconnection Agreement, dated July 29, 1997, for Commission approval, pursuant to § 252(e) of the Telecommunications Act of 1996 ("the Act") 47 U.S.C. § 252(e). By letter of September 2, 1997, BA-VA furnished notice to interested parties.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and § 56-35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, MFS, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA, by letter of September 2, 1997, served a copy of the Amendment on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed on or before September 23, 1997 and none were received.

Pursuant to the provisions of § 252(e)(2)(A) of the Act, the Commission may reject the proposed Amendment only if it is found to be inconsistent with the public interest, convenience and necessity or if it is found discriminatory to other carriers. Since there is no indication that the Amendment violates any of those standards, the Commission finds that the Amendment should be approved. It should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Amendment is directly binding only upon BA-VA and MFS. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement amendment submitted by BA-VA and MFS is hereby approved as complying with § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of this amendment to the Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This matter is continued generally for the consideration of any subsequent revisions or amendments to the Agreement.

CASE NO. PUC960113
MAY 8, 1997

PETITION OF
MCI TELECOMMUNICATIONS
and
MCIMETRO ACCESS TRANSMISSION SERVICES OF VIRGINIA, INC.

For arbitration of unresolved issues from interconnection negotiations with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER RESOLVING NON-PRICING ISSUES

On February 19, 20, and 28, 1997, the Commission held hearings to receive evidence and arguments about unresolved issues concerning non-pricing issues that MCImetro Access Transmission Services of Virginia, Inc. ("MCI") and Bell Atlantic-Virginia, Inc. ("BA-VA") had not been able to resolve in their efforts to negotiate an interconnection agreement. On March 13, 1997, MCI and BA-VA submitted post hearing briefs in which MCI discussed 14 unresolved issues and BA-VA discussed 13.

Having considered the evidence and argument presented, the Commission finds that the issues should be resolved as follows:

1. Reciprocity of resale obligations for undiscounted resale.

MCI's post hearing brief addressed this issue whereas BA-VA's stated that it had been resolved. (BA-VA Post Hearing Brief at p. 1.) The Commission finds that while MCI's obligations are essentially statutory under § 251(b)(1) of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. § 251(b)(1), the Agreement should contain an acknowledgment of that responsibility similar to that suggested at pages 1 and 2 of MCI's Post Hearing Brief. The Commission modifies that paragraph as follows:

> MCI acknowledges that it has a duty under § 251(b)(1) of the Act not to prohibit, and not to impose unreasonable and discriminatory conditions or limitations on the resale of its telecommunications services. MCI will develop its services with the knowledge that when they are available, BA-VA may request negotiations with MCI for the resale of such services. MCI will negotiate in good faith the terms and conditions necessary for BA-VA to purchase such services for resale from MCI.

2. Intellectual property rights.

The Commission finds that BA-VA's compromise, offered at pages 3 - 4 of its brief, properly resolves this issue. That compromise is:

> (1) BA-VA agrees to indemnify MCI with respect to intellectual property associated with any new network equipment or software acquisitions;
>
> (2) To the extent that the providers of equipment or software in BA-VA's network provide BA-VA with indemnities covering intellectual property liabilities, and those indemnities allow a flow through of protection to third parties, BA-VA will flow those indemnity protections through to MCI; and
>
> (3) BA-VA will inform MCI of any pending or threatened intellectual property claims relating to BA-VA's network of which BA-VA is aware, and would update that notification periodically as needed. Also, MCI will have maximum notice of any intellectual property risks it might want to address. The Commission also notes that MCI retains the right to pursue legal remedies against BA-VA if BA-VA is at fault in causing intellectual property liability to MCI.

3. Limitation of liability and remedies for failure to meet established performance standards.

The Commission finds that BA-VA should not be required to accept MCI's revenue loss indemnification proposal nor should it be required to accept MCI's performance related credit proposals except to the extent that revenue loss indemnification and credits for substandard performance are already contained in BA-VA's tariffs. BA-VA shall not be allowed to limit its liability except as permitted by applicable Virginia law.

4. Customer proprietary network information ("CPNI").

BA-VA shall be allowed to perform an annual audit of MCI's CPNI access. Such CPNI audits must be conducted in a minimally disruptive fashion, consistent with appropriate audit procedures. Either party to the audit may bring objections to the Commission if the audits prove to be unnecessarily intrusive and the parties cannot resolve their disputes. Such audits may be increased to quarterly, rather than annually, only if a discrepancy in compliance with CPNI rules exceeds five percent.

5. Voice Mail Service.

Voice mail is an enhanced service rather than a telecommunications service. Hence, the Act does not mandate that BA-VA offer it for resale.

6. Reciprocity of Interconnection Points.

Neither the Act nor the FCC's Interconnection Order, In the Matter of Implementation of the Local Competition Provisions and the Telecommunications Act of 1996, CC Docket No. 96-98 (First Report and Order released August 8, 1996) ("FCC Order") require that a Competitive Local Exchange Carrier ("CLEC") allow the incumbent to select interconnection points. However, BA-VA may request relief from the Commission if it believes that a CLEC has manipulated the designation of interconnection points for the purpose of maximizing the transport revenues BA-VA must pay.

7. Transport and Termination charges.

Consistent with the decision on issue no. 6, the Commission denies BA-VA's request to impose a cap on transport charges. Rather, BA-VA will be allowed to request relief from the Commission if it believes a CLEC has manipulated interconnection locations in order to maximize transport revenues.

8. Collocation by BA-VA/Dedicated Transport.

Neither the Act nor the FCC Order requires CLECs to offer collocation at their premises to incumbents. Therefore, MCI is not required to offer collocation at its premises to BA-VA.

9. Extended Demarcation Beyond Network Interface Device ("NID").

Inside wire services are not unbundled network elements and are not telecommunications services. On the customer side of the NID, they are the customer's responsibility. Installation and maintenance are not regulated and can be performed by competitive contractors. BA-VA shall not be required to perform extended demarcation work beyond the NID on behalf of MCI. However, BA-VA should notify MCI of any problems observed on the customer side of the NID in a timely manner, and should not be allowed to relay to the customer that inside wire services could have been performed during the technician's visit if the customer was a BA-VA customer rather than an MCI customer.

10. Information Needed by Switch.

At this time, the Commission does not require BA-VA to provide the data in the manner requested by MCI. If, in the future, BA-VA develops a capability to furnish data as requested by MCI or the provision of such data is consistent with industry standards, BA-VA must furnish the data to MCI and must charge MCI no more than BA-VA's incremental cost.

11. Performance standards and reporting.

BA-VA shall provide services to MCI at the same level of performance that BA-VA provides to itself. BA-VA shall offer premium service to MCI if MCI requests it and compensates BA-VA for the incremental cost of providing the premium service. BA-VA shall provide reports to MCI on all material measures of service parity. MCI may request a report on all measures that are reasonably related to establishing the parity level and whether MCI is receiving services at parity. CLECs shall bear the incremental costs, allocated on a competitively-neutral basis, of providing any reports that BA-VA does not provide for internal use or is not obligated to provide for regulatory purposes. MCI shall have the right, at its expense, to conduct reasonable audits or other verifications of information provided by BA-VA.

12. Responsibility for lost usage data.

This issue is a special subset of Issue No. 3 above concerning limitations of liability and remedies for failure to meet performance standards. Consistent with that, the Commission finds that BA-VA should not be required to accept MCI's revenue loss indemnification proposal except to the extent that revenue loss indemnification is already contained in BA-VA's retail tariffs. BA-VA shall not be allowed to limit its liability except as permitted by applicable Virginia law.

13. Means of Access to Directory Assistance Data.

BA-VA is required to furnish MCI its basic directory assistance data, on magnetic tape or some other suitable medium, provided that BA-VA's directory assistance database is not exposed to unreasonable risk of destruction. BA-VA shall work with MCI in an effort to provide directory assistance data without harm to BA-VA's database. BA-VA is required to provide daily updates to that data and MCI is required to pay BA-VA's efficiently incurred costs of providing the data. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) MCI and BA-VA shall submit an interconnection agreement in this docket incorporating the above discussed findings of the Commission as well as the parties' stipulation in this case, within 30 days of the entry of this order. The interconnection agreement shall be submitted in accordance with § 252(e) of the Act and § C(7) of the Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996 as adopted in Case No. PUC960059.

(2) This matter is continued generally.

CASE NO. PUC960113
JULY 16, 1997

PETITION OF
MCI TELECOMMUNICATIONS CORPORATION
and
MCIMETRO ACCESS TRANSMISSION SERVICES OF VIRGINIA, INC.

For arbitration of unresolved issues with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On May 8, 1997, the Commission entered an Order Resolving Non-Pricing Issues ("May 8 Order") which, among other things, required MCImetro Access Transmission Services of Virginia, Inc. ("MCI") and Bell Atlantic-Virginia, Inc. ("BA-VA") to file an interconnection agreement. The parties filed an interconnection agreement on June 16, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX § 2 and Va. Code § 56-35. This authority has been reaffirmed by the enactment of Va. Code § 56-235.5(B) and § 56-265.4:4(C)(1). Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated or arbitrated agreements, MCI, BA-VA, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for MCI certified that the interconnection agreement was filed pursuant to the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996 as adopted in Case No. PUC960059 ("procedural rules"). Therefore, the interconnection agreement was served on the modified service list as required by § C(7) of the procedural rules. Under the procedural rules, comments were to be filed within ten days of the filing of the agreement. No comments were filed.

Along with the agreement, MCI filed a Motion to Request Clarification ("MCI Motion") of paragraph 13 of the Commission's May 8 Order. Pursuant to a subsequent Commission order dated July 9, 1997, BA-VA filed its Response to the MCI Motion on July 14, 1997. In the Motion, MCI requested that the Commission require BA-VA to include directory data for customers residing in Washington, D.C. and Maryland in order for MCI to provide the same level of directory assistance as BA-VA. BA-VA responded that the Commission should deny MCI's request because such action would infringe upon the decisions and jurisdiction of the D.C. and Maryland Commissions. Our May 8 Order is coextensive with our jurisdiction over customers within the Commonwealth. We do not wish to infringe upon the jurisdiction of other Commissions and therefore we deny MCI's request.

As required by § A(2) of the procedural rules, we have reviewed the negotiated portions of the agreement pursuant to § 252(e)(2)(A) of the Telecommunications Act of 1996 ("the Act") and the arbitrated portion pursuant to § 252(e)(2)(B) of the Act. Under these criteria, we find no reason to reject this agreement. However, there is one portion of the agreement that requires our attention.

In Attachment I (Price Schedule) to Part C (Attachments), the following language appears in reference to several BA-VA services:

> "Track and True-up"-When and if the Commission determines that these charges are appropriate and establishes a rate and cost recovery method, there will be a retroactive true-up with interest charges at the appropriate Commission-determined rate.

We have not decided to establish any interest rate when and if this situation arises. The parties are free to negotiate activities that they themselves will conduct, but the parties cannot agree to bind future Commission actions. To the extent that there are other sections of the agreement that attempt to bind the Commission's future actions, they shall not be enforceable.

Despite the above comment, we find that the agreement should be approved. The agreement is binding only on BA-VA and MCI and should not be viewed as precedent for other agreements. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution Art. IX § 2 and Va. Code § 56-35, the agreement is hereby approved pursuant to § 252(e) of the Act.

(2) MCI's request for BA-VA to include directory data for customers residing in Washington, D.C. and Maryland is denied.

(3) Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(4) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file with the Commission's Division of Communications for inspection by the public.

(5) This case shall remain open to receive any amendments to the interconnection agreement.

CASE NO. PUC960113
AUGUST 6, 1997

PETITION OF
MCI TELECOMMUNICATIONS CORPORATION
and
MCIMETRO ACCESS TRANSMISSION SERVICES OF VIRGINIA, INC.

For arbitration of unresolved issues with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER DENYING RECONSIDERATION

On July 23, 1997, MCImetro Access Transmission Services of Virginia, Inc. ("MCI") filed its Motion to Reconsider requesting the Commission to reconsider its order of July 16, 1997 to the extent that it did not require Bell Atlantic-Virginia, Inc. ("BA-VA") to transfer directory assistance data related to customers in Maryland and the District of Columbia.

Having reviewed MCI's Motion, the Commission is not persuaded to alter its order of July 16.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) MCI's Motion to Reconsider is denied.

(2) The Commission's order of July 16, 1997 remains unaltered.

CASE NO. PUC960114
MARCH 6, 1997

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.

For authority to discontinue offering its Message Plan Service

ORDER GRANTING AUTHORITY TO DISCONTINUE SERVICE

On August 7, 1996, United Telephone-Southeast, Inc. ("United" or "the Company") filed with the Commission's Division of Communications an application to revise its General Subscriber Services Tariff. The Company sought to discontinue offering its Message Plan Service to customers not currently subscribing to it, but to allow customers subscribing to the service as of August 15, 1996 to maintain it. Message Plan Service is only offered to customers in the Galax and Hillsville exchanges.

By order dated December 5, 1996, the Commission directed United to give direct mail notice to its existing Message Plan Service customers and to publish notice in newspapers of general circulation in the Galax and Hillsville exchanges. Affected customers were given until January 17, 1997 to file comments or request a hearing on the Company's proposal. No comments or requests for hearing were filed.

On January 13, 1997, United filed proof of notice by publication and subsequently, on January 24, 1997, it filed proof of direct notice mailed to its customers.

On January 31, 1997, the Commission Staff submitted its report regarding the Company's proposal. The Staff found that customers in the Galax and Hillsville exchanges will continue to have a number of calling options available to meet their intraLATA calling needs. In addition, the Staff believes the elimination of Message Plan Service will result in customers being treated more equitably with respect to the availability of toll discount plans. Thus, the Staff does not oppose the Company's proposal to discontinue its Message Plan Service to all but existing subscribers. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) United shall file tariffs closing Message Plan Service to new customers. Existing customers of Message Plan Service may keep the service at their current locations. The revised tariffs may take effect as of the date of this Order or any later date chosen by United.

(2) The Company shall continue to offer Message Plan Service to those customers subscribing to the service prior to the effective date of revised tariffs filed pursuant to ordering paragraph (1).

(3) This matter shall be dismissed and the papers shall be placed in the Commission's file for ended causes.

CASE NO. PUC960118
APRIL 23, 1997

PETITION OF
COX FIBERNET COMMERCIAL SERVICES, INC.

For arbitration of unresolved issues from interconnection negotiations with GTE South, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER

On April 1, 1997, Cox Fibernet Commercial Services, Inc. ("Cox") and GTE South, Inc. ("GTE") filed an interconnection agreement pursuant to the Commission's December 16, 1996, Order Resolving Non-Pricing Arbitration Issues and Requiring Filing of Interconnection Agreement. The agreement was signed by representatives of Cox and GTE. However, Cox stated that after Cox's representative signed the agreement, GTE unilaterally added a footnote to the signature of its representative. The footnote stated:

> GTE South, Inc. does not consent to this purported agreement (which does not comply with the federal Telecommunications Act of 1996) and does not authorize any of its representatives to consent to it. The signature of a GTE representative has been placed on this document only under the duress of an order of the State Corporation Commission of Virginia requiring the filing of this purported agreement.

Notwithstanding GTE's footnote, Cox requested that the Commission approve the agreement and order GTE to abide by its terms.

On April 11, 1997, the Commission Staff filed comments on the April 1 interconnection agreement pursuant to Section C(8) of the Commissions Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act") as adopted in Case No. PUC960059 ("procedural rules"). The Staff requested that the Commission treat the April 1 filing as a formalized binding agreement and begin the 30-day review under § 252(e) of the Act as of April 1, 1997.

The Commission finds the document submitted on April 1 suffices as an interconnection agreement for purposes of §§ 251 and 252 of the Act and review thereunder. The agreement is sufficient to comply with our Procedural Order of March 27, 1997, and with Section C(7) of our procedural rules. The 30 day review period began on April 1, 1997.

The Commission finds that interested parties should be allowed additional time to submit comments since it may have been unclear whether the April 1 interconnection agreement complied with Section C(7) of our procedural rules.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The Commission will treat the April 1 interconnection agreement as an interconnection agreement for purposes of § 252 of the Act and review thereunder. The 30 day review period under § 252(e)(4) of the Act began on April 1, 1997.

(2) Any interested party may comment on the agreement under Section C(8) of the procedural rules by April 28, 1997. Any comments shall be sent by facsimile or same-day delivery on or before the same day to counsel for Cox, GTE and the Commission Staff.

(3) Cox or GTE may reply to any comments submitted on or before April 30, 1997. A copy of the reply comments shall be delivered on or before the same day by facsimile or same-day delivery to opposing counsel and the Commission Staff.

CASE NO. PUC960118
MAY 1, 1997

PETITION OF
COX FIBERNET COMMERCIAL SERVICES, INC.

For arbitration of unresolved issues from interconnection negotiations with GTE South, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER CONDITIONALLY APPROVING AGREEMENT

On April 1, 1997, Cox Fibernet Commercial Services, Inc. ("Cox") and GTE South, Inc. ("GTE") filed an interconnection agreement ("agreement") pursuant to the Commission's December 16, 1996, Order Resolving Non-Pricing Arbitration Issues and Requiring Filing of Interconnection Agreement. We entered an order on April 23, 1997, finding the agreement to be an interconnection agreement for purposes of §§ 251 and 252 of the Telecommunications Act of 1996 ("Act") and review thereunder and allowing interested parties an extension to file comments. AT&T Communications of Virginia, Inc. ("AT&T") filed timely comments on April 28, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to ensure conformance with the public interest. See Va. Const. Art. IX § 2 and Va. Code § 56-35. This authority has been reaffirmed by the enactment of Va. Code §§ 56-235.5(B) and 56-265.4:4(C)(1). Whether the Commission is authorizing alternative forms of regulation or certificating competitive local exchange providers, we must ensure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated or arbitrated agreements, Cox, GTE, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for Cox certified that a copy of the agreement was served on the modified service list in this case. Service was in accordance with the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Act as adopted in Case No. PUC960059 ("procedural rules").

In its comments, AT&T asserted that the negotiated portions of the agreement should be reviewed pursuant to the criteria set out in § 252(e)(2)(A) of the Act and the arbitrated portions of the agreement should be reviewed pursuant to the criteria of § 252(e)(2)(B) of the Act. This type of review is required by Section A(2) of the procedural rules. The Commission has reviewed the proposed agreement pursuant to these criteria and finds no reason to reject the agreement.

No party filed comments urging rejection of the agreement under the criteria listed in § 252(e) of the Act. Nevertheless, we find that revisions are needed to the agreement to correct inaccuracies or to be consistent with Commission orders and the mandates of the Act.

The first area of concern is with regard to Exhibit B, section A(4). This section sets out a recurring rate of $19.16 for an unbundled local loop. The $19.16 rate is the average rate we adopted in our December 11, 1996, Order Resolving Rates for Unbundled Network Elements and Interconnection, Wholesale Discount for Services Available for Resale, and Other Matters ("December 11 order"). In the December 11 order, we required the rate for the unbundled local loop to be geographically deaveraged into three density zones utilizing the Staff's methodology. GTE was required to provide any necessary information in a timely manner to the Staff and the other parties in order to calculate the deaveraged unbundled local loop rates. GTE has not complied with our December 11 mandate. Within ten (10) days of this order, GTE shall file the deaveraged unbundled local loop rates in conformance with our December 11 order and serve it on the other parties to this proceeding and the Staff. Once the deaveraged unbundled local loop rates are approved by the Commission, they shall be incorporated into this agreement.

The second area of concern is with regard to Section 1 where the agreement states "Cox and GTE have agreed on interim terms and conditions. . . ." This agreement is only interim with respect to prices set forth in Exhibit B. The other terms and conditions are effective for the three year contract term. This language in the agreement should be amended to reflect this distinction.

With the change noted above, the Commission finds that the agreement should be approved. It should not, however, be viewed as Commission precedent for approval of other agreements since it is only directly binding on GTE and Cox. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution Art. IX § 2 and Va. Code § 56-35, the agreement, as modified above, is hereby approved in compliance with § 252(e) of the Act. The parties shall refile the agreement with the change previously discussed within ten (10) days of this order.

(2) Within ten (10) days of this order, GTE shall file the deaveraged unbundled local loop rates in conformance with our December 11 order along with all supporting documentation justifying the rates. On or before the same day, this information shall be served on the parties on this service list and the Commission Staff. Once the deaveraged unbundled local loop rates are approved by the Commission, they shall be incorporated into this agreement.

(3) Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(4) This matter is continued generally.

CASE NO. PUC960118
MAY 30, 1997

PETITION OF
COX FIBERNET COMMERCIAL SERVICES, INC.

For arbitration of unresolved issues from interconnection negotiations with GTE South, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER

On May 1, 1997, the Commission entered an Order Conditionally Approving Agreement ("Order") in this case. On May 12, 1997, GTE South, Inc. ("GTE") filed a response to our Order urging the Commission to remove the condition imposed by the Order that local loop rates be geographically deaveraged. Cox Fibernet Commercial Services, Inc. ("Cox") filed a letter on May 12, 1997, submitting a revised page for the interconnection agreement and responding to GTE's May 12 filing. Cox stated "[i]n the interest of eliminating any remaining obstacles regarding approval of [Cox's] agreement with GTE, Cox does not object to utilizing an average loop cost rate, as reflected in Exhibit B of the agreement, until GTE is able to perform the deaveraging calculations as ordered by the Commission." We find that with the filing of the revised page, the interconnection agreement can be approved.

GTE's obligation to geographically deaverage its local loop rate was imposed by ordering paragraph 3 of our December 11, 1996 Order Resolving Rates for Unbundled Network Elements and Interconnection, Wholesale Discount for Services Available for Resale, and Other Matters ("December 11 order"). Since the issuance of the December 11 order, GTE has not provided the information required by that order. GTE's May 12 response setting forth GTE's reason for noncompliance is not sufficient to relieve GTE of its obligation to comply with our December 11 order.

GTE appears to misunderstand the requirements of our December 11 order. We required the "rate for the unbundled loop [to] be geographically deaveraged into three density zones utilizing the methodology proposed by the Staff." The Staff proposal in this arbitration was to use "the same approach that the Commission adopted in the Bell Atlantic-Va arbitration proceedings" namely "the density by wire center (working lines per square mile) approach." In its May 12 response, GTE stated that it did not currently possess the information to calculate the rates "pursuant to the Staff's

methodology suggested in the Bell Atlantic arbitration" and GTE was "currently collecting such data - specifically, the lengths of local loops from central offices. . . ." Staff's proposal for deaveraging in the Bell Atlantic arbitrations was to deaverage loop rates based on loop lengths. In contrast, Staff's proposal in this arbitration was to deaverage loop rates based on the density by wire center (working lines per square mile) approach. Therefore, we ordered GTE to deaverage loop rates based on the density by wire center approach not based on loop lengths.

Although we are approving this agreement with the change filed by Cox, we still require GTE to file the deaveraging information with regard to our December 11 order which also applied to Case Nos. PUC960117, PUC960124, and PUC960131. Within thirty (30) days of this order, GTE shall file all information necessary to geographically deaverage the average unbundled loop rate to comply with our December 11 order as clarified by this order. If GTE still claims it cannot comply, it shall file all documentation supporting its claim that the information is unavailable and set forth a specific schedule for compliance. Otherwise, GTE will be required to show cause for its noncompliance with a Commission order.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Under § 252(e) of the Telecommunications Act of 1996 ("the Act"), the interconnection agreement is approved, as revised. Once deaveraged unbundled loop rates are adopted by the Commission for GTE, they shall be incorporated in this agreement. Any future negotiations that result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(2) Within thirty (30) days, GTE shall file all information required by the terms of this order in this case and Case Nos. PUC960117, PUC960124, and PUC960131. On or before the same day, this information shall be served on the parties on this service list and the Commission Staff.

(3) Pursuant to § 252(h) of the Act, a copy of the agreement, as revised, shall be kept on file with the Commission's Division of Communications for inspection by the public.

(4) This case shall remain open to receive GTE's filing and any amendments to the interconnection agreement.

CASE NO. PUC960121
APRIL 23, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

For revenue neutral rate changes pursuant to Paragraph 8 of the Bell Atlantic-Virginia Plan for Alternative Regulation

FINAL ORDER

On August 30, 1996, Bell Atlantic-Virginia, Inc. ("BA-VA" or "the Company") filed an application, pursuant to Paragraph 8 of the Bell Atlantic-Virginia Plan for Alternative Regulation ("BA-VA Plan"), to change its rates and tariffs for residential intraLATA long distance service. On September 4, 1996, BA-VA filed revisions to the tariffs accompanying its application. On November 27, 1996, the Commission entered its order suspending the proposed effective date of the tariffs.

By letter of April 2, 1997, BA-VA advised the Commission that it no longer wishes to implement these changes and requested that the application be withdrawn. The Commission finds the request to be reasonable. Accordingly,

IT IS THEREFORE ORDERED that BA-VA's request to withdraw this application is granted, this matter is dismissed, and the papers accumulated herein shall be placed in the file for ended causes.

CASE NO. PUC960124
JANUARY 3, 1997

PETITION OF
MCI TELECOMMUNICATIONS CORPORATION
and
MCIMETRO ACCESS TRANSMISSION SERVICES OF VIRGINIA, INC.

For arbitration of unresolved issues from interconnection negotiations with GTE South, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER RESOLVING NON-PRICING ARBITRATION ISSUES AND REQUIRING FILING OF INTERCONNECTION AGREEMENT

On October 23, 1996, the Commission issued an Interim Order in this case which, among other things, scheduled hearings for December 2, 3, 4, and 6, 1996, to receive evidence on the remaining issues common to Case Nos. PUC960117, PUC960118, PUC960124, and PUC960131. Although all remaining issues in Case No. PUC960124 were to be heard at hearings set for a later date, GTE South, Inc. ("GTE") and MCI Telecommunications Corporation and MCImetro Access Transmission Services of Virginia, Inc. (collectively "MCI") agreed at the hearings held during the week of

December 2, 1996, that all remaining issues had been presented or would be presented through filing documents, without need for further hearings. No further documents have been filed. By this order, the Commission resolves the following issues in dispute between GTE and MCI:

(1) Availability as Unbundled Elements
(2) Unbundled Switch Element Definition
(3) Unbundling of Dedicated and Common Transport
(4) Transport and Termination Interconnection Points
(5) Charges for 800/888 Database Dips
(6) AIN and SS7 Access and Interconnection
(7) Collocation Equipment Types
(8) Collocation Locations
(9) Collocation Servicing Intervals
(10) Collocation Transport
(11) Direct Interconnection of Collocated CLECs
(12) Collocation Facility Construction
(13) Access to Poles, Ducts, Conduits and Rights-of-Way
(14) Access to Operator Services and Directory Assistance (OS/DA)
(15) Access to Directory Assistance Databases
(16) Interim Number Portability Methods
(17) Dialing Parity Through Presubscription
(18) Operations Support Systems (OSS) Access
(19) Recovery of OSS Costs
(20) Arbitration of Contract Terms and Conditions
(21) GTE Financial Responsibility for Errors
(22) Service Standards
(23) Agreement Term
(24) Bona Fide Requests and Dispute Resolution
(25) Most-Favored-Nation Clause
(26) Reciprocity
(27) Tariff Precedence Over Interconnection Agreement
(28) Authorization to Release Customer Information
(29) Billing and Usage Records

On December 2, 1996, GTE, MCI, and AT&T Communications of Virginia, Inc. submitted a stipulation ("Stipulation") which resolved several issues in controversy. The parties shall include all the stipulated issues in their interconnection agreement.

Having considered the evidence, and in accordance with the Telecommunications Act of 1996 ("the Act") and applicable law, the Commission is of the opinion and orders that:

(1) GTE must unbundle the elements as defined in the FCC's Interconnection Order In the matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98 ("FCC Order"). Those elements include: local loops, Network Interface Device ("NID"), local switching, tandem switching, interoffice transmission facilities (including both dedicated and common transport), signaling links, call-related databases (only via the linked Signal Transfer Point ("STP")), STPs, Service Creation Environment, Service Management System, operations support system functions, operator services, and directory assistance. GTE need not make dark fiber available as an unbundled element.

(2) The unbundled switch element shall include all of the features, functions, and capabilities of the switch. Access to the switch as an unbundled element shall include the same basic capabilities that are available to GTE's customers, including telephone number, directory listing, dial tone, signaling, access to 911, operator services, directory assistance, and all vertical features, including custom calling, CLASS features, Centrex, as well as any technically feasible customized routing functions. Access to third-party, call-related databases that are not already connected to GTE's network shall not be available at this time. This database access issue may be revisited once the FCC has more closely examined the technical feasibility of interconnecting these databases to the incumbent LEC signaling systems. Advanced Intelligent Network ("AIN") triggers shall not be unbundled at the present time.

(3) GTE shall provide both dedicated and common transport on an unbundled basis.

(4) MCI shall be entitled to a presumption that the existence of an interconnection at a given point demonstrates the feasibility of interconnection at that point for other Competitive Local Exchange Carriers ("CLECs"). GTE may rebut this presumption with a specific showing of infeasibility.

(5) When a MCI customer makes a toll-free call, GTE should not charge MCI for a database dip where GTE is the service provider for the customer receiving the 800/888 call. GTE states, however, that it does not have the ability to determine when MCI should not be billed. The parties should investigate whether a system can be developed to determine the identity of the service provider. GTE may charge MCI the efficiently incurred incremental costs of any such system. In addition, MCI and GTE shall consider the development of an allocation factor to reflect the percentage of 800/888 calls where GTE is the service provider.

(6) GTE shall provide MCI with access to its Signaling System 7 ("SS7") on an unbundled basis. Access will be at any STP. GTE will provide access to its Service Control Points ("SCPs") through STP pairs that serve the SCPs. GTE shall provide access to its signaling links and Service Management System as unbundled elements. GTE shall provide MCI with access (equivalent to that which it provides itself) to the GTE Service Creation Environment to design, create, test, deploy, and provide AIN-based features. The parties shall incorporate reasonable security measures. MCI requests will be subject to mutually agreeable request, review, and testing procedures. When MCI uses a GTE local switching network element, and when MCI requests GTE to provide MCI with a technically feasible AIN trigger, GTE shall provide access to the appropriate GTE AIN call-related database for the purpose of invoking either a GTE AIN feature or a MCI-developed AIN feature. Similarly, when MCI uses its own local switch, GTE shall provide access

to the appropriate GTE AIN-related database. Any mediation to GTE's AIN database must be performed on a competitively-neutral and nondiscriminatory basis. Any network management controls necessary to protect the SCP from an overload condition must be applied on a nondiscriminatory basis for all users of the database, including GTE. Any load mediation will affect all links to the STP, including GTE's, in a like manner. MCI shall provide the information necessary to ensure that GTE is able to engineer sufficient capacity on the GTE AIN SCP platform.

(7) MCI may collocate only that equipment which is used for interconnection and access to unbundled elements. MCI may collocate remote switching units, but this equipment may not be used to switch traffic.

(8) MCI may collocate at any GTE premises where it is technically feasible to do so, where space is available, and where the collocation is being used to interconnect or to secure access to unbundled elements. A predesignated list of inappropriate collocation locations is not necessary or appropriate.

(9) GTE shall be required to provide virtual collocation within 60 days of a request by MCI. We adopt the Staff recommendation for physical collocation requests but with a 120 day time interval, rather than a 90 day time interval.

(10) GTE shall provide MCI, upon request, with unbundled transport for the purposes of connection to MCI equipment that is collocated at GTE's premises.

(11) MCI may directly interconnect with other CLECs who are collocated at GTE premises for the purpose of interconnection with GTE or access to GTE network elements. GTE shall, upon request, abut collocation facilities where feasible and where space permits. When the collocation cages directly abut one another, the collocators may provide their own interconnection facilities in such circumstances that do not adversely impact GTE's coordination and technical management of the collocation space; otherwise, GTE shall retain the right to determine who should provide the cross connection.

(12) GTE shall permit the subcontracting of collocation cage construction with contractors approved by GTE. GTE's approval of contractors shall be based on the same criteria that GTE uses for approving its own contractors.

(13) GTE shall provide access to all pathways (i.e., poles, ducts, conduits, rights-of-way) that it uses to connect to customers. It shall provide access to the maximum extent that is consistent with its ownership or control. Where GTE does not have ownership or control of access to poles, ducts, conduits, or rights-of-way, a CLEC must secure its own access. GTE may exclude or condition access on the basis of capacity, safety, reliability, and generally applicable engineering standards, provided that such exclusions and conditions are consistent with those that GTE applies to its own use of poles, ducts, conduits, and rights-of-way. A list of automatically excluded rights or facilities is not appropriate. Within 30 days of a request for access, GTE must make space available; alternatively, it must demonstrate within 15 days of the request that it is not practical to provide space within 30 days. Once access has been approved by GTE, MCI shall have a period of 90 days following its commitment to begin to use the facilities in question, unless MCI can show cause within 45 days why events beyond its control prevent it from doing so. In addition, GTE and MCI may reserve space on poles, ducts, conduits, and rights-of-way for a period of two years on terms and conditions to be agreed upon by the parties.

Upon a request for information regarding the location and availability of GTE pathway facilities, GTE shall respond within 30 days. However, GTE may exclude customer-specific information in the absence of a written request by the customer to permit disclosure to MCI. In addition, GTE may charge MCI its efficiently incurred incremental cost for providing to MCI any information that GTE does not collect for its own use.

Where a request for access to poles, ducts, conduits, or rights-of-way requires an expansion of GTE's physical facilities, GTE shall be required to make any such expansion that is consistent in nature and frequency to those that it has made or makes for its own purposes or for those of entities that have historically attached to or occupied its pathway facilities. Where GTE affirmatively demonstrates that accommodating MCI's access request would require inconsistent actions and where GTE can also show that it has explored all available options in good faith and found no satisfactory ones to exist, it shall not be required to accommodate MCI's request. The party requesting the expansion shall pay the incremental cost for the expansion. Any party, including GTE, that later uses the expanded facility shall compensate the party requesting the expansion for the use of the expanded facility.

(14) GTE must make operator services and directory assistance available as unbundled elements. GTE shall provide customized routing for operator services and directory assistance in a resale and an unbundled element environment, wherever it is technically feasible. Where MCI can show that the same switch type is being used in Virginia or in another state by GTE or another local exchange company to provide customized routing, there shall be a presumption that all GTE switches of the same type in Virginia can provide equivalent customized routing. GTE shall be entitled to rebut that presumption within 30 days by presenting clear and convincing evidence of any differences that affect the ability of its switches in Virginia to provide similar call routing services. GTE shall also be permitted to show the incremental costs of making its Virginia switches capable of providing such customized routing. It shall be entitled to recover from CLECs the efficient incremental costs of providing this capability. Where and for so long as GTE cannot provide customized routing or branding, it shall unbrand operator services and directory assistance for all carriers' end-use customers, including its own. Moreover, for any interconnection agreement service that requires customized routing involving switches, MCI shall, as a condition to having access to such service, agree to indemnify GTE for any consequences of the voiding of manufacturer warranties caused by that routing. Upon such agreement by MCI, GTE shall not be permitted to refuse customized routing on the basis of a claim that it will void such a warranty.

(15) GTE shall provide MCI with magnetic tapes of its directory assistance databases, with daily updates. GTE shall continue to provide them until GTE can install electronic gateways that will allow MCI to gain access to the databases. The efficient incremental costs that GTE incurs to prepare and deliver the tapes and the subsequent costs to develop electronic gateways may be charged to the benefiting CLECs on a competitively neutral basis.

As part of meeting its database access requirements and to the extent that it is legally permitted to do so, GTE shall provide to MCI the data that is necessary to permit MCI to populate its own directory database with information that is necessary to permit MCI to provide the same level of directory assistance services that GTE provides. The tapes and access to be provided by GTE shall include data from all LECs whose data is included in GTE's databases.

(16) GTE shall implement interim number portability ("INP") through Remote Call Forwarding and Direct Inward Dialing as required by the FCC's Interim Number Portability Order.

(17) GTE shall implement dialing parity by August 8, 1997. The Commission shall review GTE's implementation plan in a subsequent proceeding.

(18) GTE must provide MCI with nondiscriminatory access to its operations support systems ("OSS"). Pending the development of full electronic on-line access capability, GTE will provide such interim access as is technically feasible. GTE shall be compensated for its efficient incremental costs in providing interim access. It shall charge the costs in a competitively-neutral manner to the CLECs who participate in gaining such access. GTE shall also work with MCI to develop other mutually agreeable interim measures between now and the filing of the interconnection agreement. GTE shall also work diligently and promptly to prepare and implement a schedule for implementing full-scope electronic access to its operations support systems. GTE shall file, on or before April 1, 1997, a detailed schedule for implementing such electronic access. That schedule shall require the complete implementation of full-scale, fully electronic access on or before May 1, 1998, unless the schedule that is to be filed on or before April 1, 1997, proposes a later date and presents adequate justification of the infeasibility of completing implementation before the later date proposed. In the event that any CLEC shows that GTE proposes a longer schedule for implementation in Virginia than it proposes for any other state, GTE shall also be required to show cause why it cannot meet a similar schedule in Virginia. Electronic access shall not be considered complete if it requires any greater level of human intervention than is required for GTE's own access. Electronic access shall not be considered complete unless it includes pre-ordering, ordering, provisioning, maintenance and repair, and billing.

(19) GTE has access to OSS, and providing OSS access to CLECs will benefit CLECs. Therefore, GTE shall be able to recover from CLECs its efficiently incurred costs of developing and implementing measures that provide CLECs with OSS access. Because the nonrecurring costs of developing access measures may be substantial, it is reasonable to impose an amortization period that does not exceed four years in length, provided that GTE is assured of full recovery of all such efficiently incurred costs in a manner that reflects the time value of money. Inasmuch as GTE will be assured of being made whole, it is reasonable to permit the petitioning CLECs to propose cost sharing mechanisms that meet the criteria that we have established to assure GTE recovery over a limited period of time. Therefore, the petitioning CLECs who seek OSS access shall propose a mutually-agreeable approach for providing such recovery, and GTE may comment upon any such proposed approach. GTE shall not be required to make expenditures to develop access measures (except for the preparation of the required schedule noted above) until a CLEC-recovery method is proposed and accepted by this Commission. If there is no agreement among the CLECs, the Commission will order a recovery method at the request of any CLEC, after an opportunity for GTE and other CLECs to respond. CLECs who gain access through the permanent measures to be implemented must also compensate GTE for the efficiently incurred recurring costs of implementing those measures. Such compensation shall be on a reasonably accurate and efficiently-implementable usage basis that the parties may propose or that the Commission may order. If an effective usage-based billing system is not identified, each participating CLEC shall share the monthly cost of such implementation in proportion to its share of total GTE revenues for the month from all participating CLECs for operations in Virginia under interconnection agreements.

(20) If the parties cannot agree on contract language, each party shall present a draft of its proposed contract language to the Commission. The Commission then will determine the appropriate language, which may be different from the language proposed by either party. The parties shall file the interconnection agreement within 60 days from the date of this order, as set forth in Paragraph 30 of this order.

(21) GTE shall not be required to accept MCI's revenue loss indemnification proposal or any other performance-related credits or penalties beyond those already set forth in GTE's retail service tariffs in Virginia. GTE may not at this time limit its liability or the recovery of damages, as compared with what the law of the Commonwealth would provide in the absence of explicit contract language. The parties may propose and address the costs and revenue levels involved with such clauses in the forthcoming pricing proceeding.

(22) GTE shall provide services to MCI at the same level of performance that GTE provides to itself. GTE shall offer premium service to MCI if MCI requests it and compensates GTE for the incremental cost of providing the premium service. GTE shall provide reports to MCI on all material measures of service parity. MCI may request a report on all measures that are reasonably related to establishing the parity level and whether MCI is receiving services at parity. CLECs shall bear the incremental costs, allocated on a competitively-neutral basis, of providing any reports that GTE does not provide for internal use or is not obligated to provide for regulatory purposes. MCI shall have the right, at its expense, to conduct reasonable audits or other verifications of the information provided by GTE.

(23) The interconnection agreement shall be in effect for a term of two years. At least 90 days before the term expires, MCI shall file with the Commission any request for an extension of that term, and shall on the same day provide notice to GTE. At least 60 days before the term expires, GTE shall respond to the requested extension. If a new agreement has not been reached by the end of the two year term, the existing interconnection agreement shall continue, under the same terms and conditions subject to a true-up, until resolved by the Commission.

(24) Either party may make a bona fide request regarding the availability and price for new interconnections or network elements, new technical or operations issues, or materially changed circumstances. The other party shall respond to a bona fide request within 30 days after receipt of the request. Any dispute arising from a bona fide request, or interpretation of the interconnection agreement, may be addressed in accordance with the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996 and the Commission's Rules of Practice and Procedure. MCI and GTE shall file with the Commission any negotiated material modification or addition to the Interconnection Agreement within 30 days after reaching agreement on the modification or addition.

(25) MCI's request for a "most favored nation" clause in the interconnection agreement is denied. MCI retains all rights specified in Section 252(i) of the Act.

(26) The Act does not require reciprocal obligations for unbundling and resale to be imposed on MCI. Therefore, the Commission rejects GTE's request for mutuality and reciprocity.

(27) A GTE tariff filing will not supersede the interconnection agreement, unless the filing expressly provides otherwise and MCI is provided with notice at the time of filing.

(28) GTE shall allow as-is switches where customers request them. GTE may not require written customer authorization for the release of customer proprietary network information as part of a change in service to MCI, provided that MCI has provided GTE with a blanket letter of authorization and a binding commitment to indemnify GTE against any customer claims.

(29) GTE shall provide MCI with information necessary for MCI to bill its customers. MCI shall pay GTE's efficient recurring and nonrecurring incremental costs for providing the information. Each CLEC that benefits from such information shall bear a portion of GTE's costs, allocated on a competitively neutral basis. MCI shall have the right, at its expense, to conduct reasonable audits or other verifications of the information provided by GTE.

(30) MCI and GTE shall submit an interconnection agreement in this docket incorporating the applicable findings of the Commission as well as the parties' Stipulation in this case within sixty (60) days of entry of this order. The interconnection agreement shall be submitted in accordance with Paragraph 20 of this order, § 252(e) of the Act, and Section C(7) of the Commission's Procedural Rules for Implementing Sections 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059.

(31) This matter is continued generally.

CASE NO. PUC960125
NOVEMBER 21, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For tariff revisions pursuant to Paragraph 8A of the Alternative Regulatory Plan for Central Telephone Company of Virginia and United Telephone-Southeast, Inc.

ORDER PERMITTING WITHDRAWAL OF APPLICATION

On September 10, 1996, Central Telephone Company of Virginia ("Centel" or "the Company") filed revisions to its general subscriber services tariff with the Commission's Division of Communications. Centel sought the changes pursuant to Paragraph 8A of the Alternative Regulatory Plan for the Company and United Telephone-Southeast, Inc.

By letter dated April 4, 1997, Centel requested that the procedural schedule in this matter be suspended in order for it to make revisions to its filing. In response, the Commission entered an order on April 11, 1997, suspending the procedural schedule in this matter until further order. By letter dated October 31, 1997, and filed with the Commission on November 3, 1997, Centel now advises the Commission that it wishes to withdraw its application and refile its proposed tariffs in the future.

NOW, THE COMMISSION, having considered Centel's request, is of the opinion and finds that the Company should be permitted to withdraw its application. Accordingly,

IT IS ORDERED THAT:

(1) Centel may withdraw its application in this matter.

(2) This matter is hereby dismissed without prejudice.

(3) The papers filed herein shall be placed in the Commission's files for ended causes.

CASE NO. PUC960126
AUGUST 25, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

To implement extended local service from its Buckingham exchange to its Prospect exchange

FINAL ORDER

On September 13, 1996, Central Telephone Company of Virginia ("Centel" or "the Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. Centel proposed to notify its Buckingham exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Company's Prospect exchange. Customers in the Prospect exchange had previously petitioned the Commission for local calling to Buckingham. In a poll conducted in response to the petition, a majority of Prospect customers supported paying higher rates for local calling to Buckingham. A poll of Buckingham subscribers in response to this application was not required under Va. Code § 56-484.2(A) because the proposed rate increase does not exceed 5% of the existing monthly one-party residential rate.

By order dated November 6, 1996, the Commission directed Centel to publish notice of the proposed increase. Affected telephone customers were given until December 30, 1996, to file comments or request a hearing on the proposal. No comments or requests for hearing were received. On December 19, 1996, Centel filed proof of notice as required by the Commission's November 6, 1996 order.

On January 17, 1997, the Commission's Staff submitted its report regarding the Company's application. At that time, Staff recommended that no further action should be taken in this case until the public notice period ended on February 10, 1997 in GTE South's applications for extended local service ("ELS") from its Keysville exchange to Centel's Prospect exchange (Case No. PUC960138). The Prospect customers' petition for ELS to Keysville and Buckingham also included petitions for local calling to five other exchanges, including the Arvonia exchange. Telephone customers in the Arvonia

exchange, however, voted against ELS to Prospect in a poll conducted last year. For this reason, no further action was taken in this case until Prospect customers could be given notice and opportunity to comment on ELS at slightly lower rates to the six exchanges including Buckingham, but excluding Arvonia.

Centel provided such notice to its customers in the Prospect exchange pursuant to Commission order dated May 20, 1997 in Case No. PUC970031. Centel filed proof of its notice on July 25, 1997. Prospect customers were given until July 30, 1997, to file comments or request a hearing. One comment supporting the revised ELS proposal was received. Staff filed a report in Case No. PUC970031 on August 13, 1997 recommending approval of Centel's application to expand the local calling area of its Prospect exchange.

Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from Centel's Buckingham exchange to its Prospect exchange shall be implemented.

(2) The Companies shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC960127
AUGUST 25, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Cumberland exchange to Central Telephone Company of Virginia's Prospect exchange

FINAL ORDER

On September 13, 1996, Bell Atlantic-Virginia, Inc. ("BA-VA" or "the Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. BA-VA proposed to notify its Cumberland exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Prospect exchange of the Central Telephone Company of Virginia ("Central"). Customers in the Prospect exchange had previously petitioned the Commission for local calling to Cumberland. In a poll conducted in response to the petition, a majority of Prospect customers supported paying higher rates for local calling to Cumberland. A poll of Cumberland subscribers in response to this application was not required under Va. Code § 56-484.2(A) because the proposed rate increase does not exceed 5% of the existing monthly one-party residential rate.

By order dated November 6, 1996, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until December 30, 1997, to file comments or request a hearing on the proposal. No comments or requests for hearing were received. On December 17, 1996 BA-VA filed proof of notice as required by the Commission's November 6, 1996, order.

On January 17, 1997, the Commission's Staff submitted its report regarding the Company's application. At that time, Staff recommended that no further action should be taken in this case until the public notice period ended on February 10, 1997 in GTE South's application for extended local service ("ELS") from its Keysville exchange to Centel's Prospect exchange (Case No. PUC960138). The Prospect customers' petition for ELS to Keysville and Cumberland also included petitions for local calling to five other exchanges, including the Arvonia exchange. Telephone customers in the Arvonia exchange, however, voted against ELS to Prospect in a poll conducted last year. For this reason, no further action was taken in this case until Prospect customers could be given notice and opportunity to comment on ELS at slightly lower rates to the six exchanges including Cumberland, but excluding Arvonia.

Centel provided such notice to its customers in the Prospect exchange pursuant to Commission order dated May 20, 1997, in Case No. PUC970031. Centel filed proof of its notice on July 25, 1997. Prospect customers were given until July 30, 1997, to file comments or request a hearing. One comment supporting the revised ELS proposal was received. Staff filed a report in Case No. PUC970031 on August 13, 1997, recommending approval of Centel's application to expand the local calling area of its Prospect exchange. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Cumberland exchange to Centel's Prospect exchange shall be implemented in a manner suitable to the two companies.

(2) The two companies shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC960128
JANUARY 13, 1997

PETITION OF
SPRINT COMMUNICATIONS COMPANY, L.P.

For arbitration of unresolved issues from interconnection negotiations with Bell Atlantic-Virginia, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER

On December 18, 1996, Bell Atlantic-Virginia, Inc. ("BA-VA") and Sprint Communications Company, L.P. ("Sprint") filed an Agreement for Withdrawal of Arbitration Issues. As a result of the filing, no issues remain for the Commission to resolve. Since the Commission has not arbitrated any issues in this case, the parties' interconnection agreement will be one accomplished solely through negotiation. This docket will remain open to receive the negotiated interconnection agreement to be filed pursuant to the Telecommunications Act of 1996 ("the Act") and applicable Commission rules.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) BA-VA and Sprint shall file in this docket for Commission review any negotiated interconnection agreement entered into between them. The agreement shall be filed in accordance with § 252(e) of the Act and Section B(1) of the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Act, as adopted in Case No. PUC960059.

(2) This matter is continued generally.

CASE NO. PUC960129
MARCH 4, 1997

APPLICATION OF
GTE SOUTH, INC.

To implement extended local service from its Tazewell exchange to Bell Atlantic-Virginia, Inc.'s Honaker exchange

FINAL ORDER

On September 23, 1996, GTE South, Inc. ("GTE" or the "Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. GTE proposed to notify its Tazewell exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Honaker exchange of Bell Atlantic-Virginia, Inc. ("BA-VA"). A poll of Tazewell subscribers was not required under Va. Code § 56-484.2(A) because the proposed rate increase does not exceed 5% of the existing monthly one-party residential rate.

By order dated November 25, 1996, the Commission directed GTE to publish notice of the proposed increase. Affected telephone customers were given until February 10, 1997, to file comments or request a hearing on the proposal. No comments or request for hearing were filed. On February 10, 1996, GTE filed proof of notice as required by the Commission's November 25, 1996 order.

On February 20, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff recommended that GTE's application to implement extended local service from its Tazewell Exchange to BA-VA's Honaker exchange be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from GTE's Tazewell exchange to BA-VA's Honaker exchange shall be implemented in a manner suitable to the two companies.

(2) The two companies shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC960131
JANUARY 21, 1997

PETITION OF
SPRINT COMMUNICATIONS COMPANY, L.P.

For arbitration of unresolved issues from interconnection negotiations with GTE South, Inc. pursuant to § 252 of the Telecommunications Act of 1996

ORDER RESOLVING NON-PRICING ARBITRATION ISSUES AND REQUIRING FILING OF INTERCONNECTION AGREEMENT

On October 23, 1996, the Commission issued an interim order which, among other things, scheduled hearings for December 2, 3, 4, and 6, 1996, to receive evidence on the remaining issues common to Case Nos. PUC960117, PUC960118, PUC960124, and PUC960131 as well as all remaining issues in Case Nos. PUC960117 and PUC960118. Although all remaining issues in Case No. PUC960131 were to be heard at hearings set for a later date, no issues remained between GTE South, Inc. ("GTE") and Sprint Communications Company, L.P. ("Sprint") after the hearings held during the week of December 2, 1996. By this order, the Commission resolves the following issues in dispute between GTE and Sprint:

(1) Operations Support Systems (OSS) Access
(2) Recovery of OSS Costs
(3) GTE Financial Responsibility for Errors
(4) Most-Favored-Nation Clause
(5) Authorization to Release Customer Information

Having considered the evidence, and in accordance with the Telecommunications Act of 1996 ("the Act"), the Commission is of the opinion and orders that:

(1) GTE must provide Sprint with nondiscriminatory access to its operations support system ("OSS"). Pending the development of full electronic on-line access capability, GTE will provide such interim access as is technically feasible. GTE shall be compensated for its efficient incremental costs in providing interim access. It shall charge the costs in a competitively-neutral manner to the Competitive Local Exchange Carriers ("CLECs") who participate in gaining such access. GTE shall also work with Sprint to develop other mutually agreeable interim measures between now and the filing of the interconnection agreement. GTE shall also work diligently and promptly to prepare and implement a schedule for implementing full-scope electronic access to its operations support systems. GTE shall file, on or before April 1, 1997, a detailed schedule for implementing such electronic access. That schedule shall require the complete implementation of full-scale, fully electronic access on or before May 1, 1998, unless the schedule that is to be filed on or before April 1, 1997, proposes a later date and presents adequate justification of the infeasibility of completing implementation before the later date proposed. In the event that any CLEC shows that GTE proposes a longer schedule for implementation in Virginia than it proposes for any other state, GTE shall also be required to show cause why it cannot meet a similar schedule in Virginia. Electronic access shall not be considered complete if it requires any greater level of human intervention than is required for GTE's own access. Electronic access shall not be considered complete unless it includes pre-ordering, ordering, provisioning, maintenance and repair, and billing.

(2) GTE has access to OSS, and providing OSS access to CLECs will benefit CLECs. Therefore, GTE shall be able to recover from CLECs its efficiently incurred costs of developing and implementing measures that provide CLECs with OSS access. Because the nonrecurring costs of developing access measures may be substantial, it is reasonable to impose an amortization period that does not exceed four years in length, provided that GTE is assured of full recovery of all such efficiently incurred costs in a manner that reflects the time value of money. Inasmuch as GTE will be assured of being made whole, it is reasonable to permit the petitioning CLECs to propose cost sharing mechanisms that meet the criteria that we have established to assure GTE recovery over a limited period of time. Therefore, the petitioning CLECs who seek OSS access shall propose a mutually-agreeable approach for providing such recovery, and GTE may comment upon any such proposed approach. GTE shall not be required to make expenditures to develop access measures (except for the preparation of the required schedule noted above) until a CLEC -recovery method is proposed and accepted by this Commission. If there is no agreement among the CLECs, the Commission will order a recovery method at the request of any CLEC, after an opportunity for GTE and other CLECs to respond. CLECs who gain access through the permanent measures to be implemented must also compensate GTE for the efficiently incurred recurring costs of implementing those measures. Such compensation shall be on a reasonably accurate and efficiently-implementable usage basis that the parties may propose or that the Commission may order. If an effective usage-based billing system is not identified, each participating CLEC shall share the monthly cost of such implementation in proportion to its share of total GTE revenues for the month from all participating CLECs for operations in Virginia under interconnection agreements.

(3) GTE shall not be required to accept Sprint's revenue loss indemnification proposal or any other performance-related credits or penalties beyond those already set forth in GTE's retail service tariffs in Virginia. GTE's liability for recovery of damages shall be governed by the applicable law of the Commonwealth of Virginia. The parties may propose and address the costs and revenue levels involved with such clauses in the forthcoming pricing proceeding.

(4) Sprint's request for a "most favored nation" clause in the interconnection agreement is denied. Sprint retains all rights specified in Section 252(i) of the Act.

(5) GTE shall allow as-is switches where customers request them. GTE may not require written customer authorization for the release of customer proprietary network information as part of a change in service to Sprint, provided that Sprint has provided GTE with a blanket letter of authorization and a binding commitment to indemnify GTE against any customer claims.

(6) Sprint and GTE shall submit an interconnection agreement in this docket incorporating the applicable findings of the Commission in this case as well as the parties' previous agreements within sixty (60) days of entry of this order. If the parties cannot agree on contract language, each party shall present a draft of its proposed contract language to the Commission. The Commission will then determine the appropriate language, which may be different from the language proposed by the parties. The interconnection agreement shall be submitted in accordance with § 252(e) of the Act and

Section C(7) of the Commission's Procedural Rules for Implementing Sections 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059.

(7) This matter is continued generally.

CASE NO. PUC960136
AUGUST 8, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY
and
VPS COMMUNICATIONS, INC.

For a certificate to provide interexchange telecommunications service and for approval of affiliates transactions

ORDER GRANTING CERTIFICATE AND APPROVING AFFILIATE TRANSACTIONS

On October 8, 1996, Virginia Electric and Power Company ("Virginia Power" or "the Company") filed an application for a certificate to provide interexchange non-switched dedicated telecommunications service throughout the Commonwealth. Virginia Power requested approval of its initial tariffs and requested contract pricing authority to allow prices to be competitively determined and set on an individual case basis. The Company stated that it expects to offer telecommunications services over leased and owned facilities and that Virginia Power's owned facilities include 250 route-miles of fiber-optic facilities.

By order dated December 23, 1996, the Commission directed Virginia Power to give notice of its application, directed Virginia Power and Commission Staff to brief certain issues, directed Commission Staff to file a report or testimony on the application, and provided an opportunity for interested persons to comment on Virginia Power's application.

On March 20, 1997, the Commission granted Virginia Power's request for suspension of the procedural schedule for this matter, in order to amend its application to request certification through a subsidiary of the Company. On April 28, 1997, Virginia Power and VPS Communications, Inc. ("VPSC", collectively, "the Companies") filed an amendment to the application. The amendment requested that VPSC be substituted for Virginia Power as the applicant in this proceeding. In addition, the Companies filed separate applications with the Commission for approval of their Affiliate Services Agreement, Fiber Lease Agreement, and Inter-Company Credit Agreement pursuant to Chapter 4 of Title 56, Code of Virginia.

Under the Affiliate Services Agreement ("the Services Agreement"), Virginia Power proposes to furnish certain general corporate services to VPSC, in addition to various other services related specifically to VPSC's telecommunications business. The Services Agreement also provides for VPSC to provide to Virginia Power certain limited services related to its provision of telecommunications service. VPSC proposes to compensate Virginia Power for these services by reimbursing the Company its cost in providing such services. The Services Agreement also proposes that VPSC furnish to Virginia Power certain specific telecommunications services requested by Virginia Power. Except as indicated otherwise, Virginia Power will compensate VPSC for the services provided to it by reimbursing VPSC the cost incurred by VPSC in providing such services.

Under the proposed Fiber Lease Agreement ("Lease Agreement") VPSC will lease from Virginia Power certain dark fibers owned by Virginia Power. The Lease Agreement also states that Virginia Power may provide certain services associated with the fiber, such as maintenance, repair, and installation. For fiber that is already installed ("installed fiber"), VPSC proposes to pay Virginia Power an annualized fee equal to the higher of Virginia Power's cost of owning the leased fiber or the fiber's fair market value in addition to the ongoing cost associated with the leased fiber (i.e., insurance, property taxes, and maintenance and repair). With respect to fiber that Virginia Power will install at VPSC's request ("new fiber"), VPSC will pay to Virginia Power an amount equal to its pro rata share of the construction cost of the leased fiber and the ongoing cost associated with the leased fiber (i.e., insurance, property taxes, and maintenance and repair). The Lease Agreement states that Virginia Power will be under no obligation to install new fiber due to a request by VPSC unless Virginia Power, in its sole discretion, believes such installation to be in the Company's best interest.

Should Virginia Power choose to install fiber on the request of VPSC, under the Lease Agreement VPSC will also pay to Virginia Power annually an amount equal to 5% of the revenues received by VPSC from services utilizing the leased fiber. The Lease Agreement also provides that VPSC will make available to Virginia Power telecommunications capacity from the electronic equipment installed by VPSC at the lower of VPSC's cost or market rates. The Lease Agreement also provides that the Company may at its option, retain four fibers for its own use constructed at VPSC's cost.

The Lease Agreement provides that upon the mutual agreement of Virginia Power and VPSC to include installed or new fiber in the Lease Agreement, a lease addendum will be executed identifying, at a minimum, the additional fiber in the term of the lease addendum. For any lease addendum applicable to new fiber, the addendum will also identify each party's respective pro rata share of actual construction cost and other expenses as provided for in the Lease Agreement.

The Companies also requested a $20 million Inter-Company Credit Agreement ("ICA") with VPSC to meet the subsidiary's working capital needs. The Companies stated that the borrowing rate will be determined at the time of each advance and that the rate will not be below its cost.

By order of May 23, 1997, the Commission accepted the filed amendment and allowed VPSC to be substituted for Virginia Power as the applicant for an interexchange telecommunication certificate. That order also consolidated the Companies' application for approval of affiliate transactions with the certification proceeding and provided an opportunity for additional comment on this matter.

Comments were filed by AT&T Communications of Virginia, Inc. ("AT&T"), Virginia Cable Telecommunications Association ("VCTA"), and the City of Richmond ("the City"). Only the City chose to file additional comments after the substitution of VPSC for Virginia Power as the applicant for an interexchange telecommunications certificate.

In its comments AT&T stated that it does not oppose Virginia Power's application, as it welcomes fair competition in the interexchange market. AT&T stated, however, that Virginia Power will only be a fair competitor if the Company's electric power business is not used to improperly subsidize the telecommunications venture. AT&T urged the Commission to recognize the potential abuse of cross-subsidies and to take corrective action if any abuses are discovered. AT&T further urged the Commission to find that it is neither requiring nor permitting cross-subsidization or any other anticompetitive act, that would consequently be exempt from the antitrust laws under the state action exemption.

The Virginia Cable Telecommunications Association, VCTA, stated in its comments, that it does not oppose Virginia Power's application, as it continues to be a vigorous supporter of competition in the Virginia telecommunications market. The VCTA requested that conditions be imposed on Virginia Power's interexchange certificate that would prohibit the Company from obtaining competitively sensitive information or engaging in anticompetitive activities arising from the Company's control of its electric utility poles.

The City, in its comments, requested deferral of Commission consideration of this proceeding until the Commission rules on what it views as similar issues in Case No. PUE950131.[1] The City expressed concern that Virginia Power's entry into the telecommunications market may permit cross-subsidization to the detriment of electric ratepayers. The City also requested an evidentiary hearing if its request for deferral or if its request to deny the certificate is not adopted.

The City filed additional comments on the amended and consolidated applications of Virginia Power and VPSC. The City recognized that the formation of a separate subsidiary, while not the primary relief sought by the City, is an appropriate response. The City expressed concern regarding the proposed affiliate agreements and stated that the Commission should ensure VPSC pays the full value of the affiliate services it will receive from Virginia Power. The City further stated that if certain safeguards were adopted it would no longer request a hearing.

On July 10, 1997, Commission Staff filed its report. The report contained the evaluation of the Commission's Divisions of Communications, Public Utility Accounting, and Economics and Finance. With respect to VPSC's request for a certificate to provide interexchange telecommunications service, Staff stated that VPSC's application is acceptable and in compliance with the Commission's certification rules. As such, Staff stated that it is appropriate to grant a certificate to VPSC. In addition, Staff stated that it does not object to VPSC's request to base its rates on competitive factors pursuant to Virginia Code § 56-481.1 and to grant VPSC contract pricing authority.

With respect to the proposed Services Agreement and Lease Agreement, Staff stated that they appear to be in the public interest and recommended their approval with certain modifications. Staff recommended that the sections of the Services Agreement that describe services being provided by VPSC to support Virginia Power not apply until such time as VPSC has its own employees. Staff also recommended that any services that VPSC provides to Virginia Power, that the Company can also provide to third parties, should be provided to Virginia Power at the lesser of cost or market. Staff further recommended that Virginia Power notify Commission Staff if and when the Company changes its current arrangement to provide certain telecommunications services for itself, such as internal communications among generating plants and offices.

Staff also noted that certain portions of the Services Agreement may require approval under the Utility Transfers Act. Staff stated that the Services Agreement contains a provision entitled "Sale of Telecommunications Equipment and Facilities." Under this provision Virginia Power may sell to VPSC telecommunications equipment, facilities, hardware, and materials related to any major or minor telecommunications electronics. Staff further stated that Virginia Power indicates that, while the dollar value per unit transfer will vary, the majority of the transfers are expected to be less than $25,000. As the items to be sold are in the Company's rate base and support the production, transmission, and distribution of electric energy, Staff recommended that this section of the Services Agreement be evaluated under the Utility Transfer Act. Noting that the transfer of such assets appear to neither impair nor jeopardize adequate service to the public at just and reasonable rates, Staff recommended that the sale of telecommunications equipment and facilities be approved in this case with a limit per transfer of $100,000. Staff also recommended that Virginia Power be required to obtain separate approval under the Utility Transfers Act for transfers over $100,000 and that all transfers be included in Virginia Power's Annual Report of Affiliated Transactions.

Staff also recommended that the Lease Agreement be approved under the Utility Transfers Act and that such approval should be conditioned upon the Company's providing to Staff a copy of the appraisal conducted on the fibers and Staff's agreement that such appraisal and lease payments are reasonable. Staff further recommended that each lease addendum be filed with the Director of Public Utility Accounting within 30 days of execution and that any lease addenda that changes the terms and conditions of the Lease Agreement, as filed in this case, require separate approval under Chapters 4 and 5. Staff also recommended that the 5% payments to be made to Virginia Power by VPSC be submitted quarterly rather than annually.

In addition, Staff recommended that approval of the Services Agreement and the Lease Agreement be limited to the services described in the application and apply only to services related to VPSC and to no other affiliates of Virginia Power. Staff also recommended that the Commission order Virginia Power's internal audit department to conduct an audit of the agreements approved in this case for two years after implementation of the agreements. Staff stated that such audit report should be filed with the Director of Public Utility Accounting to ensure compliance with the provisions of the Services Agreement and Lease Agreement.

With respect to the ICA, Staff examined the intended use of capital by VPSC, the type of capital needed, the borrowing rate, and the cost of funds. Staff stated that the Company intends to use the ICA to meet both the working capital and permanent capital requirements of VPSC. Staff stated that this fact coupled with the risk characteristics of VPSC indicate that a short-term debt facility is not the best financing method. Staff considered recommending two funding vehicles, one for equity investment to meet long-term capital needs and an ICA to meet short-term needs. Staff noted, however, that in the early phases of VPSC's operation there is little practical difference between the type of investments being made by Virginia Power, as all of its investments carry the risk characteristics of equity. Moreover, Staff stated that as the ICA is a debt facility and is accounted for as such, it could confuse the assessment of the subsidiary's financial performance and the type of risk being taken by Virginia Power.

Accordingly, Staff recommended that Virginia Power make its investments in VPSC in the form of equity for at least the early years of VPSC's operation. Staff further recommended that Virginia Power's authority to invest equity should be limited to $40 million. Staff stated that this dollar amount

[1] See Application of Virginia Electric and Power Company, Virginia Power SPC-I, Inc., Virginia Power SPC-II, Inc. and Chesapeake Paper Products Company, for issuance of Certificates of Public Convenience and Necessity pursuant to Virginia Code § 56-265.2 and related regulatory approvals.

is supported by the Company's projections of VPSC's capital needs for leasing existing fiber, constructing new fiber network and electronics through the year 2000, working capital, and a cushion for additional investments in as yet unidentified opportunities.

Staff also recommended that as part of its Annual Report on Affiliate Transactions, Virginia Power should be required to provide a schedule that details its investment in VPSC, including the date, dollar amount, and the purpose of the investment. Staff noted that as VPSC grows it may be necessary to consider other methods of financing to meet capital needs.

With respect to the borrowing rate and cost of funds, Staff noted that if its recommendation to deny approval of an ICA is granted, it will not be necessary to determine either the borrowing rate or the cost of funds. Staff noted, however, that if an ICA is approved the market price should be the cost of capital for similar financing available in the market. Staff further stated that ratemaking issues would be discussed in the pending case for Virginia Power's proposed alternative regulatory plan.

On July 15, 1997, Virginia Power and VPSC filed their response to the Commission Staff's report and the City's comments. Virginia Power and VPSC disagreed with Staff's interpretation of the Utility Transfers Act, asserting that Commission approval is required under the Utility Transfers Act only when an electric utility is transferring assets that are in place and are being used for one of three functions -- generation, distribution, or transmission of electricity. The Companies stated that Staff seeks to expand the scope of the Act by making it applicable to any asset that is in rate base or that supports electric generation, distribution, or transmission. The Companies noted that under Staff's theory, the Utility Transfers Act would encompass the sale or purchase of virtually every type of physical asset owned by an electric utility and that such an interpretation would result in a never-ending series of application for approvals of transfers, most of which would be trivial in size.

Nevertheless, the Companies stated that they appreciate Staff's desire for a degree of continuing oversight in connection with transfers of substantial assets that are included in rates and are being used in connection with the provision of electric utility service. The Companies, therefore, proposed a modified version of Staff's recommendation. Rather than requiring Commission approval of the transfer of any asset in excess of $100,000 under the Utility Transfers Act, the Companies proposed that the Commission require Virginia Power to obtain Commission approval under the Affiliates Act for any transfer of telecommunications equipment from Virginia Power to VPSC if (1) the equipment being transferred is in Virginia Power's rate base and is being used in connection with the provision of electric utility service in the Commonwealth, and (2) the value of such equipment exceeds $250,000. The Companies further stated that Virginia Power would also comply with the provisions of the Services Agreement that relate to the recording of transactions with VPSC. The Companies did not take issue with any other Staff recommendation.[2]

With respect to the City's comments, the Companies stated that the City suggests that it does not appear that VPSC will pay the entire value of using Virginia Power's personnel and other resources. The Companies stated that the City appears to recommend that VPSC ascertain "the entire value of acquiring the use of the resources on the open market on the particular day of use." The Companies stated that the City's position on this point is in error for three reasons. First, the Companies stated that because there is no "market price" for the "back office" services the appropriate compensation of Virginia Power is the fully load rate which the Companies propose to pay. Second, the Companies stated that the administrative burden on VPSC of determining "an open market [price] on the particular day of use" would be extreme. Third, the Companies state that the City's comments do not account for the fact that a significant portion of the services provided by Virginia Power (other than "back office" services) will be provided by subcontractors. The Companies state that the full cost of the subcontractors will be flowed through to VPSC. As such, the Companies stated that the VPSC will, in fact, pay for those services at "market" rates.

In sum, the Companies stated that VPSC will be paying its fair share to Virginia Power for services rendered to it. The Companies stated that in those instances in which a true market price can be ascertained (i.e., the lease of fiber and transfer of telecommunications equipment) Virginia Power has agreed to make transfers at the higher of cost or market. The Companies further stated that when an ascertainable market price is not available, the appropriate pricing mechanism to ensure that there is no cross-subsidization or improper self-dealing between the Companies is based on fully loaded cost.

The Commission also directed Virginia Power and Commission Staff to file a brief addressing the precedential effect of the Commission's decision in Chesapeake and Potomac Telephone Company of Virginia v. Virginia Electric and Power Company, 1990 S.C.C. Ann. Rept. 239 ("the Wheat case"); and the applicability of Virginia Code § 13.1-620 and the Telecommunications Act of 1996 ("the Telecommunications Act").

Virginia Power acknowledged that in the Wheat case, the Commission held that the lease of telecommunications capacity was "unrelated to and not incidental to, Virginia Power's public service business, and therefore Va. Code § 13.1-620D prohibited the company from leasing capacity. The Company stated, however, that the enactment of the Telecommunications Act of 1996, with its principle of free entry, overrides the result in the Wheat case and preempts Va. Code § 13.1-620D to the extent it restricts Virginia Power's provision of telecommunications services.

In its brief, Staff stated that the Telecommunications Act sends a strong message to the states, forbidding them from blocking new entrants into the telecommunications market. Staff noted, however, that Section 253(b) of the Telecommunications Act leaves room for the Commission to decide that an electric public service corporation such as Virginia Power, may not possess an IXC telecommunications certificate, if it is found that the requested certification poses a threat to the public safety and welfare. Staff noted, however, that its report of July 10, 1997, did not find the requested certification or approvals to be adverse to the public interest.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that it is appropriate to grant an interexchange telecommunications certificate to VPSC. We further find that the Services Agreement and the Lease Agreement should be approved subject to Staff's recommendations with the following exceptions discussed below.

We find the cost of goods and services provided from Virginia Power to VPSC are to be priced at the greater of cost or market and the price of goods and services from VPSC to Virginia Power are to be priced at the lower of cost or market. Where it is most economical for the utility to purchase the product or service from the market, it should do so. Where it can save money by purchasing from an affiliate at the affiliate's cost, including a reasonable return for the affiliate on the sale, it should do that. Where the Company proposes that the Commission set rates based on charges from an affiliate, the charges must be based on the affiliate's cost, including a reasonable return, so long as this cost does not exceed the market price. When a

[2] By letter dated June 13, 1997, Virginia Power agreed to forego the ICA and instead make investments in VPSC in the form of equity.

utility sells services or goods to an affiliate, the reverse is true. The utility must recover from the affiliate the greater of cost plus reasonable return or market price.[3]

The Companies have stated that certain services and goods will be exchanged for which there is no market price. Where such circumstances exist, Virginia Power shall include evidence or documentation in its Annual Report on Affiliated Transactions of its unsuccessful attempts to acquire such market price. The determination of market price shall be an ongoing process using methods such as competitive bids, appraisals, catalog listings, replacement cost of assets, and sales to third parties, etc.

With respect to the Services Agreement and the Lease Agreement, we further find that all transfers from Virginia Power to VPSC will require additional approval under the Affiliates Act if the value of the transfer exceeds $250,000. We further direct that all transfers, including fiber, regardless of their value, shall be included in Virginia Power's Report of Affiliate Transactions. Should we determine that additional review of such transactions is warranted, the Commission will take appropriate action pursuant to Va. Code § 56-80.

With respect to the fiber lease agreement, we find that it is not appropriate for Virginia Power to install new fiber solely for VPSC and such action will not be permitted. We will, however, permit Virginia Power to install fiber for VPSC if such action is in conjunction with the Company's installation of its own facilities for its own utility use.

We also adopt Staff's recommendation to deny affiliates approval of the Companies' Inter-Company Credit Agreement. Instead we authorize Virginia Power to make investments of up to $40 million in VPSC in the form of equity. We note that Virginia Power did not rebut this recommendation.[4]

We note that the City, in its comments, requested a hearing if the matter was decided prior to the Commission's decision in Case No. PUE950131. In its additional comments the City stated that it would withdraw its request if VPSC would be required to pay the full value of the affiliates services it will receive from Virginia Power. We find that no hearing on this matter is necessary. This matter is being decided on grounds separate from Case No. PUE950131 and the Commission imposed requirements are designed to require VPSC to pay the full value of the affiliates services it will receive from Virginia Power.

With respect to AT&T's comments concerning potential anticompetitive behavior, this order should neither require nor permit cross-subsidization or any other anticompetitive act by Virginia Power or VPSC. Accordingly,

IT IS ORDERED THAT:

(1) VPS Communications, Inc. is hereby granted a certificate of public convenience and necessity, No. TT-38, to provide interexchange service subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(2) Pursuant to § 56-481.1 of the Code of Virginia, VPS Communications may price its interexchange services competitively and is granted contract pricing authority.

(3) VPS Communications, Inc. shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(4) Pursuant to § 56-77 of the Code of Virginia, Virginia Electric and Power Company is hereby granted approval for its Services Agreement and Fiber Agreement as modified herein.

(5) Any changes in the terms and conditions of the Affiliate Services Agreement from those contained herein shall require Commission approval.

(6) The approval granted herein shall have no ratemaking implications.

(7) The approval granted herein shall not preclude the Commission from exercising the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

(8) The Commission reserves the authority to examine the books and records of any affiliate in connection with the approval granted herein whether or not such affiliate is regulated by the Commission, pursuant to § 56-79 of the Code of Virginia.

(9) The Services Agreement and the Lease Agreement approved herein shall be included in the Company's Annual Report of Affiliate Transactions filed with the Director of Public Utility Accounting.

(10) As part of its Annual Report of Affiliate Transactions, the Company shall provide a schedule with information regarding equity investments in VPSC, including the date, dollar amount and purpose of each investment; evidence or documentation of all unsuccessful attempts to acquire market pricing; and a copy of an internal audit report covering all affiliated transactions with VPSC for the 1998 and 1999 calendar years.

(11) There being nothing further to come before the Commission, this case shall be dismissed from the Commission's docket.

---

[3] This requirement does not apply to regulated services.

[4] See footnote 2.

CASE NO. PUC960138
AUGUST 25, 1997

APPLICATION OF
GTE SOUTH, INC.

To implement extended local service from its Keysville exchange to Central Telephone Company of Virginia's Prospect exchange

FINAL ORDER

On October 10, 1996, GTE South, Inc. ("GTE" or "the Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. GTE proposed to notify its Keysville exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Prospect exchange of the Central Telephone Company of Virginia ("Centel"). Customers in the Prospect exchange had previously petitioned the Commission for local calling to Keysville. In a poll conducted in response to the petition, a majority of Prospect customers supported paying higher rates for local calling to Keysville. A poll of Keysville subscribers in response to this application was not required under Va. Code § 56-484.2(A) because the proposed rate increase does not exceed 5% of the existing monthly one-party residential rate.

By order dated November 25, 1996, the Commission directed GTE to publish notice of the proposed increase. Affected telephone customers were given until February 10, 1997, to file comments or request a hearing on the proposal. One comment favoring the proposal was received. On February 7, 1997, GTE filed proof of notice as required by the Commission's November 25, 1996 order.

On February 21, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff noted that the Prospect customers' petition for extended local service ("ELS") to Keysville also included petitions for local calling to six other exchange, including the Arvonia exchange. Telephone customers in the Arvonia exchange, however, voted against ELS to Prospect in a poll conducted last year. For this reason, Staff recommended that no further action should be taken in this case until Prospect customers could be given notice and opportunity to comment on ELS at slightly lower rates to the six exchanges including Keysville, but excluding Arvonia.

Centel provided such notice to its customers in the Prospect exchange pursuant to Commission order dated May 20, 1997 in Case No. PUC970031. Centel filed proof of its notice on July 25, 1997. Prospect customers were given until July 30, 1997, to file comments or request a hearing. One comment supporting the revised ELS proposal was received. Staff filed a report in Case No. PUC970031 on August 13, 1997 recommending approval of Centel's application to expand the local calling area of its Prospect exchange.

Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from GTE's Keysville exchange to Centel's Prospect exchange shall be implemented in a manner suitable to the two companies.

(2) The two companies shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC960139
FEBRUARY 21, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Lovingston exchange to its Greenwood exchange

FINAL ORDER

On October 15, 1996, Bell Atlantic-Virginia, Inc. ("BA-VA" or "the Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2, proposing to notify the Company's Lovingston exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Greenwood exchange. A poll of Lovingston subscribers was not required under Va. Code § 56-484.2(A) because the proposed rate increase for one-party residential customers did not exceed five percent of the existing one-party residential monthly rate. By order dated November 18, 1996, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until January 20, 1997 to file comments or request a hearing on the proposal. The Commission received written comments from two Lovingston exchange subscribers, both supporting the application to extend local service to the Greenwood exchange.

On January 14, 1997, BA-VA filed proof of notice as required by the Commission's November 18, 1996 order.

On February 6, 1997, the Commission Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Lovingston exchange to its Greenwood exchange be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Lovingston exchange to its Greenwood exchange shall be implemented.

(2) The Company shall implement the tariff revisions necessary for this proposed extension of local service.

(3) This matter shall be dismissed and the papers shall be placed in the Commission's file for ended causes.

CASE NO. PUC960142
JULY 14, 1997

APPLICATION OF
CITIZENS TELEPHONE COOPERATIVE, INC.

For a certificate of public convenience and necessity to provide local exchange telephone service

ORDER

On November 1, 1996, Citizens Telephone Cooperative, Inc. ("CTC") filed an application with the Commission for a certificate of public convenience and necessity to provide competitive local exchange telephone service in certain parts of the Commonwealth. Because CTC's application presented threshold legal issues regarding the ability of a telephone cooperative to operate as a competitive local exchange carrier ("CLEC"), we directed CTC and the Commission Staff, by order dated March 21, 1997, to file briefs addressing the following legal issues:

(1) Whether a nonprofit telephone cooperative may operate as a competitive local exchange carrier;

(2) Whether services may be offered by a telephone cooperative to customers who are not voting members of the cooperative;

(3) Whether the formation, by a telephone cooperative, of a separate subsidiary to provide competitive local exchange service affects the determination of legal issues of (1) and (2) above; and

(4) Whether safeguards exist, or should exist, to protect current members of CTC from possible losses that could be incurred as a result of this venture.

In its brief CTC "recognizes that questions raised by its application are matters of first impression for the Commission, and that the Commission and its Staff may derive some comfort from the structural separations which would be inherent in a subsidiary arrangement. Citizens is willing to form a subsidiary if the Commission believes it is necessary for it to do so."

The Staff, in its Responsive Brief, stated that if CTC were to form a separate subsidiary to operate its CLEC business, many of the legal and practical concerns addressed in its brief would be resolved.

NOW, UPON CONSIDERATION of this matter, the Commission finds that: any CLEC services to be provided by CTC should be through a separate subsidiary; upon formation of a subsidiary to provide such service, CTC may amend its application to substitute such subsidiary for itself as applicant in this matter. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Competitive local exchange telephone service provided by CTC, if any, shall be provided through a separate subsidiary of the cooperative.

(2) CTC may amend its application by substituting a subsidiary as the applicant.

CASE NO. PUC960143
FEBRUARY 21, 1997

APPLICATION OF
TDX SYSTEMS OF VIRGINIA, INC.

To amend its certificate to reflect new corporate name

FINAL ORDER

On February 18, 1997, TDX Systems of Virginia, Inc. ("TDX" or "the Applicant") filed an amended letter application announcing that its corporate name has been changed to Cable & Wireless of Virginia, Inc. TDX holds a Certificate of Public Convenience and Necessity, No. TT-5A, to provide intrastate inter-LATA interexchange service in the Commonwealth. The Applicant seeks to revise its certificate of public convenience and necessity to reflect its new corporate name, Cable & Wireless of Virginia, Inc.

The Commission is of the opinion that a revised certificate of public convenience and necessity should be granted. Accordingly,

IT IS THEREFORE ORDERED:

(1) That Certificate of Public Convenience and Necessity No. TT-5A is hereby canceled and shall be reissued as amended certificate No. TT-5B in the name of Cable & Wireless of Virginia, Inc., formerly TDX Systems of Virginia, Inc.;

(2) The revised Certificate No. TT-5B shall grant Cable & Wireless of Virginia, Inc. authority to provide interexchange telecommunications services in accordance with § 56-265.4:4 of the Code of Virginia and the Commission's Rules Governing the Certification of Interexchange Carriers; and

(3) That there being nothing further to come before the Commission, this matter is dismissed, and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC960145
MAY 23, 1997

APPLICATION OF
COMMONWEALTH LONG DISTANCE COMPANY

For a certificate of public convenience and necessity to provide local exchange telecommunications service

DISMISSAL ORDER

On November 22, 1996, Commonwealth Long Distance Company ("CLD") filed an application with the State Corporation Commission ("the Commission") for a certificate of public convenience and necessity to provide local exchange telecommunications service in Virginia.

On May 19, 1997, CLD filed a letter with the Commission stating it is withdrawing its application.

NOW THE COMMISSION, having considered the foregoing, is of the opinion and finds that this case should be, and hereby is, dismissed.

CASE NO. PUC960146
APRIL 10, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Williamsburg exchange to its Charles City exchange

FINAL ORDER

On November 26, 1996, Bell Atlantic-Virginia, Inc. ("BA-VA" or the "Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. BA-VA proposed to notify its Williamsburg exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Charles City exchange. Customers in the Charles City exchange had previously petitioned the Commission for local calling to Williamsburg. In a poll in response to the petition, a majority of Charles City customers supported paying higher rates for local calling to Williamsburg. A poll of Williamsburg subscribers in response to this application was not required under Va. Code § 56-484.2(A) because the proposed rate increase does not exceed 5% of the existing monthly one-party residential rate.

By order dated December 19, 1996, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until March 17, 1997, to file comments or request a hearing on the proposal. No comments or requests for hearing were filed. On February 13, 1997, BA-VA filed proof of notice as required by the Commission's December 19, 1996 order.

On March 26, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Williamsburg exchange to its Charles City exchange be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Williamsburg exchange to its Charles City exchange shall be implemented.

(2) The Company shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC960147
APRIL 10, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Toano exchange to its Charles City exchange

FINAL ORDER

On November 26, 1996, Bell Atlantic-Virginia, Inc. ("BA-VA" or the "Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. BA-VA proposed to notify its Toano exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Charles City exchange. Customers in the Charles City exchange had previously petitioned the Commission for local calling to Toano. In a poll in response to the petition, a majority of Charles City customers supported paying higher rates for local calling to Toano. A poll of Toano subscribers in response to this application was not required under Va. Code § 56-484.2(A) because the proposed rate increase does not exceed 5% of the existing monthly one-party residential rate.

By order dated December 19, 1996, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until March 17, 1997, to file comments or request a hearing on the proposal. No comments or requests for hearing were filed. On February 13, 1997, BA-VA filed proof of notice as required by the Commission's December 19, 1996 order.

On March 27, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Toano exchange to its Charles City exchange be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Toano exchange to its Charles City exchange shall be implemented.

(2) The Company shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC960155
APRIL 17, 1997

APPLICATION OF
MICROWAVE SERVICES, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On December 11, 1996, Microwave Services, Inc. ("MSI" or "the Company") filed an application for certificates of public convenience and necessity to provide local and interexchange telecommunications services throughout the Commonwealth of Virginia. On January 13, 1997, MSI filed an amendment which consisted of an illustrative tariff.

By order dated February 7, 1997, the Commission directed the Company to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to MSI's application.

On March 21, 1997, the Staff filed its report finding that MSI's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, and the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035. Accordingly, the Staff recommended granting a local exchange certificate and an interexchange certificate to MSI.

A hearing was conducted on April 10, 1997. MSI filed proof of publication and proof of service as required by the February 7, 1997 scheduling order. At the hearing, the application and amended application, with accompanying exhibits, and the Staff's Report were entered into the record without objection.

Having considered the application, as amended, and the Staff's Report, the Commission finds that such application should be granted. Having considered § 56-481.1, the Commission also finds that MSI may price its interexchange services competitively. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Microwave Services, Inc. is hereby granted a certificate of public convenience and necessity, No. TT-33A, to provide interexchange services subject to restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and provisions of this Order.

(2) Microwave Services, Inc. is hereby granted a certificate of public convenience and necessity, No. T-375, to provide local exchange telecommunications services subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) MSI shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(4) Pursuant to § 56-481.1 of the Code of Virginia, MSI may price its interexchange services competitively.

(5) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.

CASE NO. PUC960155
DECEMBER 16, 1997

APPLICATION OF
MICROWAVE SERVICES, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER CANCELLING CERTIFICATES

By Order dated April 17, 1997, the Commission granted to Microwave Services, Inc. ("Microwave") certificates of public convenience and necessity Nos. TT-33A, to provide interexchange service, and T-375, to provide local exchange service. By Order dated October 28, 1997, in Case No. PUC970124, the Commission granted to Teligent of Virginia, Inc., an affiliate of Microwave, certificate No. TT-40A, to provide interexchange telecommunications service and No. T-392, to provide local exchange telecommunications service.

In Teligent's application, filed August 1, 1997, Teligent represented that once it received authority to provide service, Microwave, along with Teligent's other certificated affiliate, Digital Services Corporation, would cancel their certificates. Accordingly, on November 13, 1997, Microwave filed a request with the Commission that its certificate Nos. TT-33A and T-375 be cancelled. Microwave's request states that it has not yet begun to provide service, and therefore no customers will be affected by cancellation of its certificates.

The Commission is of the opinion that Microwave's request should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Certificate of public convenience and necessity No. TT-33A granted to Microwave Services, Inc. to provide interexchange telecommunication service shall be, and hereby is, CANCELLED.

(2) Certificate of public convenience and necessity No. T-375 granted to Microwave Services, Inc. to provide local exchange telecommunication service shall be, and hereby is, CANCELLED.

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.

CASE NO. PUC960157
APRIL 21, 1997

APPLICATION OF
DIGITAL SERVICES CORPORATION

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On December 17, 1996, Digital Services Corporation ("Digital" or "the Company") filed an application for certificates of public convenience and necessity to provide local and interexchange telecommunications services throughout the Commonwealth of Virginia. On January 13, 1997, Digital filed an amendment which consisted of an illustrative tariff.

By order dated February 7, 1997, the Commission directed the Company to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to Digital's application.

On March 21, 1997, the Staff filed its report finding that Digital's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, and the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035. Accordingly, the Staff recommended granting a local exchange certificate and an interexchange certificate to Digital.

A hearing was conducted on April 10, 1997. Digital filed proof of publication and proof of service as required by the February 7, 1997 scheduling order. At the hearing, the application and amended application, with accompanying exhibits, and the Staff's Report were entered into the record without objection.

Having considered the application, as amended, and the Staff's Report, the Commission finds that such application should be granted. Having considered § 56-481.1, the Commission also finds that Digital may price its interexchange services competitively. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Digital Services Corporation is hereby granted a certificate of public convenience and necessity, No. TT-34A, to provide interexchange service subject to restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and provisions of this Order.

(2) Digital Services Corporation is hereby granted a certificate of public convenience and necessity, No. T-376, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Digital shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(4) Pursuant to § 56-481.1 of the Code of Virginia, Digital may price its interexchange services competitively.

(5) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.

CASE NO. PUC960157
DECEMBER 16, 1997

APPLICATION OF
DIGITAL SERVICES CORPORATION

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER CANCELLING CERTIFICATES

By Order dated April 21, 1997, the Commission granted to Digital Services Corporation ("Digital") certificates of public convenience and necessity Nos. TT-34A, to provide interexchange service, and T-376, to provide local exchange service. By Order dated October 28, 1997, in Case No. PUC970124, the Commission granted to Teligent of Virginia, Inc., an affiliate of Digital, certificate No. TT-40A, to provide interexchange telecommunications service and No. T-392, to provide local exchange telecommunications service.

In Teligent's application, filed August 1, 1997, Teligent represented that once it received authority to provide service, Digital, along with Teligent's other certificated affiliate, Microwave Services, Inc., would cancel their certificates. Accordingly, on November 13, 1997, Digital filed a request with the Commission that its certificate Nos. TT-34A and T-376 be cancelled. Digital's request states that it has not yet begun to provide service, and therefore no customers will be affected by cancellation of its certificates.

The Commission is of the opinion that Digital's request should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Certificate of public convenience and necessity No. TT-34A granted to Digital Services Corporation to provide interexchange telecommunication service shall be, and hereby is, CANCELLED.

(2) Certificate of public convenience and necessity No. T-376 granted to Digital Services Corporation to provide local exchange telecommunication service shall be, and hereby is, CANCELLED.

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.

CASE NO. PUC960158
MAY 8, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

To implement extended local service from its Bachelors Hall exchange to its Axton exchange

FINAL ORDER

On December 19, 1996, Central Telephone Company of Virginia ("Centel" or the "Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. Centel proposed to notify its Bachelors Hall exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Axton exchange. Customers in the Axton exchange had previously petitioned the Commission for local calling to Bachelors Hall. In a poll in response to the petition, a majority of Axton customers supported paying higher rates for local calling to Bachelors Hall. A poll of Bachelors Hall subscribers in response to this application was not required under Va. Code § 56-484.2(A) because the proposed rate increase for one-party residential customers does not exceed 5% of the existing monthly one-party residential rate.

By order dated January 28, 1997, and an amending order dated February 7, 1997, the Commission directed Centel to publish notice of the proposed increase. Affected telephone customers were given until April 14, 1997, to file comments or request a hearing on the proposal. No comments or requests for a hearing were filed. On March 24, 1997, Centel filed proof of notice as required by the Commission's January 28, 1997 order.

On April 25, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff recommended that Centel's application to implement extended local service from its Bachelors Hall exchange to its Axton exchange be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from Centel's Bachelors Hall exchange to its Axton exchange shall be implemented.

(2) The Company shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC960161
NOVEMBER 7, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In re: Investigation of area code relief for the 703 code of Northern Virginia

ORDER

On October 9, 1997, a Hearing Examiner's Report was submitted in this matter which among other things recommended (1) that the Commission enter an order directing the Division of Communications to investigate whether there are any conservation plans available which can delay the implementation of area code relief in area code 703 (2) and that the Commission approve a geographic split in area code 703, as opposed to an overlay, when area code relief becomes necessary. Numerous comments were received by the October 24 deadline established in the Examiner's Report.

Having considered the Report and the comments received, the Commission finds it proper to defer a decision on whether area code 703 should be geographically split or receive a new overlay area code when area code relief becomes necessary. A deferral is appropriate in order to implement the Examiner's recommendation that the Division of Communications investigate number conservation before determining whether to split the existing territory of area code 703 geographically or to assign a new overlay area code to the existing territory. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The Division of Communications, along with assistance from the telecommunications industry, is directed to investigate conservation plans which may delay implementation of area code relief in area code 703.

(2) The Division of Communications shall complete its investigation and file a written report with the Commission, in this docket, on or before June 30, 1998. The report shall include the Division's findings and recommendations concerning number conservation.

(3) This matter is continued pending further orders of the Commission.

CASE NO. PUC960162
MARCH 24, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
COMMONWEALTH LONG DISTANCE, INC.

For approval of an interconnection agreement under Section 252(e) of the Telecommunications Act of 1996

FINAL ORDER

On December 23, 1996, Bell Atlantic-Virginia, Inc. ("BA-VA") and Commonwealth Long Distance, Inc. ("Commonwealth") (collectively "the Companies") submitted an interconnection agreement ("Agreement") for Commission approval under § 252(e) of the Telecommunications Act of 1996 ("the Act"). Under the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Act as adopted in Case No. PUC960059, comments or requests for hearing were due to be filed by January 13, 1997. AT&T Communications of Virginia, Inc. ("AT&T") timely filed comments. No requests for hearing were received.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56-35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must

assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated or arbitrated agreements, TCG, BA-VA, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Under § 252(e)(2)(A) of the Act, the Commission may reject an interconnection agreement adopted by negotiation only if it finds that (i) the agreement (or portion thereof) discriminates against a telecommunications carrier not a party to the agreement; or (ii) the implementation of such agreement or portion is not consistent with the public interest, convenience, and necessity. In its comments, AT&T did not claim that the Agreement discriminated against other telecommunications carriers or that the implementation of the Agreement was inconsistent with the public interest, convenience, and necessity. The Commission has reviewed the Agreement under the criteria listed in § 252(e)(2)(A) of the Act and approves the Agreement under that criteria.

AT&T argued that the Agreement should not be viewed as a precedent by the Commission. The Commission finds that the Agreement is only directly binding on the Companies and does not specifically impact parties other than BA-VA and Commonwealth.

Another area of concern with AT&T was the statement in the Agreement that it complies with the checklist requirements of § 271 of the Act. A review for compliance with § 271 of the Act is neither required nor appropriate at this time. The Commission has not reviewed the terms of the Agreement for compliance with § 271 of the Act, and does not pass judgment on whether the Agreement meets the requirements of § 271, and attaches no weight to that statement by the parties.

NOW THE COMMISSION, having considered the Agreement filed in this case and the comments of AT&T, finds that the Agreement should be approved subject to the requirement that future negotiated provisions be submitted to the Commission for approval and subject to the requirement that Commonwealth not commence service nor BA-VA provide them service until Commonwealth is certificated by the Commission as a competitive local exchange carrier.

Accordingly, IT IS ORDERED THAT:

(1) The Agreement filed by BA-VA and Commonwealth is approved pursuant to § 252(e) of the Act. Any future negotiations that result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act. Commonwealth shall not commence service and BA-VA shall not commence providing them service until Commonwealth has been certificated by the Commission as a competitive local exchange carrier.

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

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

CASE NO. PUC970002
MAY 8, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Fredericksburg exchange to GTE South, Inc.'s Port Royal exchange

FINAL ORDER

On January 7, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA" or the "Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. BA-VA proposed to notify its Fredericksburg exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Port Royal exchange of GTE South, Inc. ("GTE"). Customers in the Port Royal exchange had previously petitioned the Commission for local calling to Fredericksburg. In a poll in response to the petition, a majority of Port Royal customers supported paying higher rates for local calling to Fredericksburg. A poll of Fredericksburg subscribers in response to this application was not required under Va. Code § 56-484.2(A) because the proposed rate increase for one-party residential customers does not exceed 5% of the existing monthly one-party residential rate.

By order dated January 24, 1997, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until April 14, 1997, to file comments or request a hearing on the proposal. No comments or requests for hearing were filed. On March 28, 1997, BA-VA filed proof of notice as required by the Commission's January 24, 1997 order.

On April 25, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Fredericksburg exchange to GTE's Port Royal exchange be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Fredericksburg exchange to GTE's Port Royal exchange shall be implemented in a manner suitable to the two companies.

(2) The two companies shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970003
MAY 8, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Danville exchange to Central Telephone Company of Virginia's Axton exchange

FINAL ORDER

On January 7, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA" or the "Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. BA-VA proposed to notify its Danville exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Axton exchange of the Central Telephone Company of Virginia ("Centel"). Customers in the Axton exchange had previously petitioned the Commission for local calling to Danville. In a poll in response to the petition, a majority of Axton customers supported paying higher rates for local calling to Danville. A poll of Danville subscribers in response to this application was not required under Va. Code § 56-484.2(A) because the proposed rate increase for one-party residential customers does not exceed 5% of the existing monthly one-party residential rate.

By order dated January 24, 1997, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until April 14, 1997, to file comments or request a hearing on the proposal. One comment favoring the proposed service was received. On March 11, 1997, BA-VA filed proof of notice as required by the Commission's January 24, 1997 order.

On April 25, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Danville exchange to Centel's Axton exchange be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Danville exchange to Centel's Axton exchange shall be implemented in a manner suitable to the two companies.

(2) The two companies shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970004
MAY 1, 1997

APPLICATION OF
ATLANTIC TELECOM, INC.

For certificates of public convenience and necessity to provide local and interexchange telecommunications services

FINAL ORDER

On January 7, 1997, Atlantic Telecom, Inc. ("ATI" or "Applicant") filed an application for certificates of public convenience and necessity to provide local and interexchange telecommunications services throughout the Commonwealth of Virginia.

By order dated February 7, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to ATI's application for a certificate to provide local exchange service. On March 21, 1997, the Staff filed its report finding that ATI's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC970018, and the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035, except that the financial statements submitted by ATI's were unaudited. Based upon its review of ATI's application and unaudited financial statements, the Staff determined it would be appropriate to grant a local exchange certificate and interexchange certificate to ATI subject to two conditions: (1) the entity responsible for financing ATI, J.R. Burrows, Inc. T/A Atlantic Cellular Services, shall provide audited year-end 1997 financial statements to the Staff on or before March 31, 1998; and (2) any customer deposits collected by ATI must be retained in an escrow account, held by a third party, for such time as the Staff or Commission determines is necessary.

A hearing was conducted on April 10, 1997. ATI filed proof of publication and proof of service as required by the February 7, 1997 scheduling order. At the hearing, the application and accompanying attachments, and the Staff report were entered into the record without rejection.

Having considered the application and the Staff report, the Commission finds that ATI's application should be granted. Having considered § 56-481.1, the Commission also finds that ATI may price its interexchange services competitively.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Atlantic Telecom, Inc. is hereby granted a certificate of public convenience and necessity, No. TT-35A, to provide interexchange service subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(2) Atlantic Telecom, Inc. is hereby granted a certificate of public convenience and necessity, No. T-378, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(3) ATI shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(4) ATI shall provide to the Division of Economics and Finance audited, year-end 1997 financial statements of its corporate parent, J.R. Burrows, Inc. T/A Atlantic Cellular Services, on or before March 31, 1998.

(5) Should ATI collect customer deposits, it shall establish and maintain an escrow account, held by a third party, to hold such funds, and shall notify the Commission Staff of the escrow arrangement. Any escrow arrangement established pursuant to this order shall be maintained for such time as the Staff or Commission determines necessary.

(6) Pursuant to § 56-481.1 of the Code of Virginia, ATI may price its interexchange service competitively.

(7) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.

CASE NO. PUC970007
APRIL 11, 1997

APPLICATION OF
GTE SOUTH, INC.
and
MFS INTELENET OF VIRGINIA, INC.

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CONDITIONALLY APPROVING AGREEMENT

On January 13, 1997, GTE South, Inc. ("GTE") and MFS Intelenet of Virginia, Inc. ("MFS") (collectively "the Companies") submitted an interim co-carrier agreement ("the agreement") for approval pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act") 47 U.S.C. §§ 251 and 252.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56-35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated or arbitrated agreements, MFS, GTE, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for GTE represented that a copy of the agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Act as adopted in Case No. PUC960059 ("procedural rules").

Under § 252(e)(2)(A) of the Act, the Commission may reject an interconnection agreement adopted by negotiation only if it finds that "(i) the agreement (or portion thereof) discriminates against a telecommunications carrier not a party to the agreement; or (ii) the implementation of such agreement or portion is not consistent with the public interest, convenience and necessity." AT&T Communications of Virginia, Inc. filed comments of a general nature; however, no one submitted comments indicating that the agreement discriminates against other telecommunications carriers or that the agreement is inconsistent with the public interest, convenience, and necessity.

The Commission does not view this as a fully comprehensive interconnection agreement as represented by the parties, however, the Commission does not find it to be discriminatory to other telecommunications carriers or inconsistent with the public interest, convenience, and necessity. Nonetheless, there are portions of this agreement that concern the Commission. While not rejecting the agreement, the Commission does direct that it be modified.

The first area of concern is the time frame of the agreement. While it was signed on September 30, 1996, it was not submitted, attached to the joint application, until January 13, 1997. It is styled as an "interim" co-carrier agreement with no term limitations and leaves many terms, conditions and rates unspecified or subject to future agreement. During the time which has elapsed since the agreement was signed, Commission arbitration decisions were made and other events have occurred which deem it appropriate for the parties to adopt a new agreement or amend this one in a timely manner. Any further agreements, amendments, or modifications shall be filed with and approved by the Commission.

At page 20 of the agreement, item VIII B provides that rates for unbundled loops are to be determined ". . . in accordance with federal and State Commission proceedings and/or Commission approved tariffs. If MFS orders unbundled loops before such approval, GTE will provide loops at a mutually agreed upon, negotiated rate." MFS was not a participant in the arbitration proceeding that established interim pricing for GTE unbundled loops, however, those rates were determined subsequent to the signing of the agreement and would appear to be the appropriate prices to comply with this provision of the agreement. This is an area where the agreement should be replaced or modified to show specific rates.

At page 22 of the agreement, item IX B3 - it is stated "Unless mutually agreed to the contrary the parties shall comply with all final and effective FCC, Commission and/or court orders governing INP cost recovery and compensation." The parties shall agree with pertinent orders governing INP cost recovery and compensation. They should remove the initial phrase that indicates they could mutually agree to not abide by orders.

At page 26 of the agreement, item XVII B - there is a disclaimer that ". . . neither party makes any representations or warranties to the other concerning a specific quality of any [service] (SIC) provided under this agreement." This disclaimer between the parties should be clarified, to correct the omission of the word services; however, any private agreement between the parties about quality of service or performance shall not excuse the parties from complying with Commission standards.

For the reasons stated above, the Commission finds no reason to reject the agreement based upon the criteria stated in § 252(e)(2)(A). Conditioned upon the revisions directed above, the Commission will approve the agreement.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The agreement submitted by the Companies demonstrates no reason for rejection.

(2) Any revisions, amendments or modifications to the agreement must be submitted for Commission approval pursuant to § 252(e) of the Act.

(3) Subject to the modifications specified above, the Commission approves the agreement. The Companies may submit their revisions on or before May 12, 1997.

CASE NO. PUC970007
MAY 27, 1997

APPLICATION OF
GTE SOUTH, INC.
and
MFS INTELENET OF VIRGINIA, INC.

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER GRANTING RECONSIDERATION AND MODIFYING ORDER

On April 11, 1997, the Commission entered an Order Conditionally Approving Agreement in this case. On April 25, 1997, GTE South, Inc. ("GTE") filed a Motion for Reconsideration ("Motion") of the Commission's April 11 Order. In its Motion, GTE requested the Commission to approve the agreement in this case without modification. GTE specifically objected to the Commission's requirement that item VIII(B) on page 20 of the agreement "be replaced or modified to show specific rates."

As to our ruling on item VIII(B), the Commission grants GTE's Motion. Through our April 11 ruling on item VIII(B), we interpreted the language of the contract as it was written. We realize that disputes over contract interpretation are more appropriate for a later proceeding. As such, the requirement of our April 11 order as it relates to item VIII(B) is not currently binding on the parties to this agreement. However, all the other requirements for amendment to the agreement of our April 11 order remain in effect.

Accordingly, IT IS THEREFORE ORDERED THAT GTE and MFS Intelenet of Virginia, Inc. submit an interconnection agreement that conforms with the remaining requirements of our April 11 order, that remain unaffected by this order, within ten (10) days.

CASE NO. PUC970007
JULY 9, 1997

APPLICATION OF
GTE SOUTH, INC.
and
MFS INTELENET OF VIRGINIA, INC.

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

Pursuant to our Order Granting Reconsideration and Modifying Order of May 27, 1997, GTE South, Inc. ("GTE") and MFS Intelenet of Virginia, Inc. ("MFS") filed a revised interconnection agreement in this case. The Commission has reviewed the revised agreement and finds that it should be approved.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The revised interconnection agreement filed by GTE and MFS on June 6, 1997 is approved in accordance with § 252(e) of the Telecommunications Act of 1996 ("the Act"). Any future negotiations that result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of the revised agreement shall be kept on file with the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the interconnection agreement.

CASE NO. PUC970008
MAY 8, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Spotsylvania exchange to GTE South, Inc.'s Ladysmith exchange

FINAL ORDER

On January 13, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA" or the "Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. BA-VA proposed to notify its Spotsylvania exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Ladysmith exchange of GTE South, Inc. ("GTE"). Customers in the Ladysmith exchange had previously petitioned the Commission for local calling to Spotsylvania. In a poll in response to the petition, a majority of Ladysmith customers supported paying higher rates for local calling to Spotsylvania. A poll of Spotsylvania subscribers in response to this application was not required under Va. Code § 56-484.2(A) because the proposed rate increase is solely due to regrouping.

By order dated January 29, 1997, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until April 14, 1997, to file comments or request a hearing on the proposal. No comments or requests for hearing were filed. On March 28, 1997, BA-VA filed proof of notice as required by the Commission's January 29, 1997 order.

On April 25, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Spotsylvania exchange to GTE's Ladysmith exchange be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Spotsylvania exchange to GTE's Ladysmith exchange shall be implemented in a manner suitable to the two companies.

(2) The two companies shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970009
MAY 9, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: Implementation of IntraLATA Toll Dialing Parity pursuant to the provisions of 47 U.S.C. § 251(b)(3)

ORDER ESTABLISHING REQUIREMENTS AND CONDITIONALLY APPROVING PLANS

Section 251(b)(3) of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. § 251(b)(3), requires all local exchange telecommunications carriers to furnish dialing parity to competing providers of exchange and toll telephone services.

On August 8, 1996, the Federal Communications Commission ("FCC") issued its Second Report and Order and Memorandum Opinion Order in CC Docket No. 96-98, In the matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996 ("Dialing Parity Order"). The Dialing Parity Order establishes an implementation timetable for local exchange carriers ("LECs") to provide intraLATA and interLATA dialing parity no later than February 8, 1999. In addition, the Dialing Parity Order requires LECs, including Bell Operating Companies ("BOCs"), to provide intraLATA toll dialing parity in a state coincident with the provision of interLATA toll service within that state. However, a grace period was granted to LECs that provide interLATA toll services prior to August 8, 1997. These LECs are not required to implement intraLATA toll dialing parity until August 8, 1997.

Further, the Dialing Parity Order requires LECs to submit to the appropriate state commission their plans for implementing toll dialing parity in that state. The FCC stated in its Order that the states were best able to evaluate the LECs' implementation plans. The FCC ordered, at ¶ 38, that any toll dialing parity

> plan must contain detailed implementation information, including the proposed date for dialing parity implementation for that [sic] exchange that the LEC operates in each state, and the method it proposes for enabling customers to select alternative providers of telephone service. For a LEC other than a BOC, the plan also must identify the LATA with which the LEC proposes to associate.

On May 28, 1996, GTE South, Inc. ("GTE") filed a proposed implementation schedule and tariffs for intraLATA equal access service. On December 4, 1996, Bell Atlantic-Virginia, Inc. ("BA-VA"), United Telephone-Southeast, Inc., Central Telephone Company of Virginia, ("United/Centel"), TCG Virginia, Inc. ("TCG") and MFS Intelenet of Virginia, Inc. ("MFS") filed intraLATA toll dialing plans pursuant to the requirements of the FCC Dialing Parity Order. On December 6, 1996, GTE filed a revised implementation schedule pursuant to the requirements of that Order. In addition, dialing

parity plans were filed by Citizens Telephone Cooperative ("Citizens") on February 27, 1997, CFW Telephone Company ("CFW") on April 14, 1997, and R&B Telephone Company on April 22, 1997.

Pursuant to the Commission's order of February 6, 1997, the Division of Communications published newspaper notice inviting comments about the implementation of dialing parity on or before February 28, 1997. That order directed that any reply comments be filed on or before March 10, 1997, and a Staff report be submitted on or before April 2, 1997. Initial comments were received from two individuals generally supporting intraLATA competition and from seven carriers; i.e., GTE, United/Centel, MFS, Virginia Telecommunications Industry Association, Cox Fibernet Commercial Services, Inc. ("Cox"), AT&T, and MCI. Reply comments were submitted by BA-VA, GTE, United/Centel, and Cox.

The LEC's plans, comments and replies were summarized and evaluated in the Staff report filed April 2, 1997. Comments were invited concerning the Staff report and were received from BA-VA, GTE, United/Centel, AT&T, MCI, Citizens, and CFW.

Having considered the Act, the FCC's Dialing Parity Order, the Staff report, and comments and replies filed herein, the Commission has determined that intraLATA dialing parity should be implemented in the manner proposed by the Staff with one exception. As recommended by the Staff, the Commission has determined that recovery for a LEC's intraLATA equal access incremental costs shall be shared proportionately among intraLATA providers on the basis of total intraLATA minutes. However, we will allow the intraLATA market to develop for one year before a LEC may begin cost recovery, instead of the 90 to 180 days recommended by the Staff. In addition, GTE and United/Centel are provided with a limited waiver for carrier notification and shall provide at least 30 days notice to carriers prior to implementing intraLATA equal access by end office in order to meet their proposed implementation schedules. The Commission adopts the remainder of the Staff report's recommendations including establishing an administrative procedure for filing and reviewing subsequent LEC intraLATA dialing plans. Attachment 1 sets forth the minimum standards and other guidelines the LECs must follow in implementing intraLATA presubscription in Virginia. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) LECs shall implement their dialing parity plans in accordance with the requirements stated above and in Attachment 1 appended hereto.

(2) Conditioned upon modifications to comply with Attachment 1 and other specific Staff recommendations, the plans submitted by GTE, United/Centel, BA-VA, MFS, and TCG are approved.

(3) The plans of CFW, Citizens Telephone Cooperative, and R&B Telephone Company and other plans submitted hereafter will be evaluated as an administrative procedure by the Division of Communications. Any such filings must conform to the minimum requirements set out in Attachment 1.

(4) This Order and Attachment 1 shall be sent forthwith to the Registrar of Regulations for appropriate publication in the Virginia Register.

(5) This case is continued generally.

NOTE: A copy of Attachment 1 entitled "Guidelines and Minimum Standards for LEC IntraLATA Toll Dialing Parity Plans, Case No. PUC970009" 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. PUC970010
APRIL 15, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
WINSTAR WIRELESS OF VIRGINIA, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CONDITIONALLY APPROVING AGREEMENT

On January 15, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and WinStar Wireless of Virginia, Inc. ("WinStar") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act") 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated December 4, 1996.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56.35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, WinStar, BA-VA, and all other providers of local exchange service must comply will all statutory standards and Commission rules and regulations.

Counsel for BA-VA indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059 ("procedural rules"). Comments were to be filed on February 5, 1997. AT&T Communications of Virginia filed comments expressing some minor concerns about the agreement.

One concern raised by AT&T was that the statement of WinStar and BA-VA saying the Agreement complied with the checklist requirements of § 271 of the Act, 47 U.S.C. § 271 ("§ 271 checklist"). A review for compliance with the § 271 checklist is neither required, nor appropriate at this time. Therefore, the Commission has not reviewed the terms of the Agreement for compliance with § 271 of the Act, does not pass judgment on whether the

Agreement meets the requirements of the § 271 checklist, and attaches no weight to the statement of the parties that their Agreement meets the § 271 checklist.

AT&T is also concerned that the Agreement not be viewed as precedent for other negotiated or arbitrated interconnection agreements to be submitted or for any statement of general available terms that BA-VA might submit.

No one filed comments asserting that this Agreement was inconsistent with the public interest, convenience, and necessity or that it was discriminatory to other carriers. Nonetheless, we find that revisions are needed in the Agreement to correct inaccuracies or to conform to the Commission's arbitration decisions in other proceedings and to comply with the mandates of the Act.

The first revision occurs in the second sentence of § 5.7.2 of the Agreement. The first phrase of that sentence should be modified as follows: "Until such time as the Commission adopts permanent rates consistent with the requirements of § 252(d) of the Act and applicable FCC requirements established under § 251 of the Act, the rates set forth in Exhibit A . . . ." This language is more consistent with the Act and the October 15, 1996, stay entered by the U.S. Circuit Court of Appeals for the 8th Circuit.

Sections 20.1.1 and 20.1.2 of the Agreement contain imprecise or inaccurate references to "wholesale discount rates." Section 20.1.1 requires certain wholesale rates to remain fixed for the term of the Agreement. Section 20.1.2 indicates that the "wholesale discount rate" shall serve as an interim rate until replaced by permanent rates.

Pursuant to the Commission's order of November 8, 1996, in Case Nos. PUC960100, PUC960104, and PUC960113, wholesale rates are determined by applying an appropriate discount percentage to the retail rate. Those discount percentages are permanent, not interim. Wholesale discount prices may vary, however, if the underlying retail rate to which the permanent discount percentage is applied changes. The parties shall clarify their intent in Sections 20.1.1 and 20.1.2 with this explanation in mind.

Items 1 a, 1 b, 1 e, 5 a, 5 b, 10 a, and 10 c of Exhibit A to the Agreement set prices at both intrastate and interstate tariff rates. However, in many instances there is not yet an intrastate tariff. Hence, references to intrastate tariff rates appear inappropriate. The Commission will consider the interstate tariff rate to be the default rate when there is no intrastate tariff. The parties are directed to clarify upon the refiling of their Agreement their intent with regard to when, if ever, an intrastate rate is to take effect upon the filing of an intrastate tariff. The parties should also clarify which of these interim proxy prices will be replaced by permanent prices from Case No. PUC970005.

In several places, Exhibit A also refers to "pre-interim rates" to ". . . apply until either Commission-approved interim proxy rates or permanent rates are determined." Footnotes then explain that pre-interim rates would be based on a hierarchy set out in the footnotes. While the hierarchy established in the footnotes seems to equate these "pre-interim rates" with the Commission approved interim proxy rates established in BA-VA arbitration decisions, the Agreement would be more clear if it simply stated that BA-VA's interim proxy rates were to be used until replaced by permanent prices. The portions of Exhibit A that need clarification in this regard are as follows:

(1) Item 4 a - local loop transmission;

(2) Item 11 a - interim number portability through co-carrier call forwarding; and

(3) Item 1 a under B TCG service - interim number portability through co-carrier call forwarding.

Certain typographical changes need to be made to the agreement. At page 35, Item 11.2.8 refers to ". . . subsection 11.1.9 below" when it should refer to ". . . subsection 11.2.9 below." In Exhibit A, Item 4 a should refer to section 11.2 instead of section 11.1. At page 8 of Exhibit A, paragraph 11.a and again at page 10 of Exhibit A paragraph 11.a, the language "to be determined in accordance with section 11.1 of the agreement" should be deleted from both the non-recurring and recurring columns.

The Commission finds that the Agreement should be approved pursuant to standards of § 252(e)(2)(A) of the Act, subject to the parties making the revisions noted above. It should not however be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only on BA-VA and WinStar. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and WinStar is hereby conditionally approved as complying with § 252(e) of the Act. The parties shall submit the revisions noted above on or before May 12, 1997.

(2) This matter is continued generally.

CASE NO. PUC970010
JUNE 27, 1997

PETITION OF
BELL ATLANTIC-VIRGINIA, INC.
and
WINSTAR WIRELESS OF VIRGINIA, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On April 15, 1997, the Commission entered an Order Conditionally Approving Agreement in this case requiring certain amendments to the agreement. Bell Atlantic-Virginia, Inc. and Winstar Wireless of Virginia, Inc. filed an amendment to the agreement on May 12, 1997. The Commission has reviewed the parties' amendment. We find that there is still ambiguity in the language of Sections 20.1.1 and 20.1.2 regarding whether wholesale discounts are permanent or interim. Although the parties seem content that they have clarified the ambiguity, the Commission still finds the language unclear. Nevertheless, the Commission's ruling on wholesale discounts was a permanent rate and the agreement can take effect despite the ambiguous language.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The agreement and the amendment are approved under § 252(e) of the Telecommunications Act of 1996 ("the Act"). Any future negotiations that result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of the agreement and the amendment shall be kept on file with the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the interconnection agreement.

CASE NO. PUC970011
AUGUST 5, 1997

APPLICATION OF
MGW TELEPHONE COMPANY, INC.

To amend its certificates to reflect new corporate name

FINAL ORDER

On January 23, 1997, MGW Telephone Company, Inc. ("MGW" or "the Applicant") filed a letter application stating that, as a result of a merger process, its corporate name had been changed from Mountain Grove-Williamsville Telephone Company, Inc. MGW requested that the Commission amend its certificates of public convenience and necessity to reflect its new corporate name. MGW filed a letter on July 28, 1997, to specify the certificates that are to be the subject of this application.

MGW holds the following certificates of public convenience and necessity to provide local exchange telephone service in the Commonwealth: Nos. T-281e; T-282; and T-298a. The Applicant seeks to revise these certificates of public convenience and necessity to reflect its new corporate name.

The Commission is of the opinion that revised certificates of public convenience and necessity should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Certificates of public convenience and necessity Nos. T-281e; T-282; and T-298a, currently in the name of Mountain Grove-Williamsville Telephone Company, Inc. are hereby canceled and shall be reissued as amended Certificate Nos. T-281f; T-282a; and T-298b, respectively, in the name of MGW Telephone Company, Inc.

(2) The revised Certificate No. T-281f shall grant MGW Telephone Company, Inc. authority to furnish telephone service in the territory shown in Bath County on the map dated October 31, 1983, attached to Certificate No. T-281e.

(3) The revised Certificate No. T-282a shall grant MGW Telephone Company, Inc. authority to furnish telephone service in the territory shown in Highland County on the map dated January 31, 1968, attached to Certificate No. T-282.

(4) The revised Certificate No. T-298b shall grant MGW Telephone Company, Inc. authority to furnish telephone service in the territory shown in Augusta County on the map dated October 31, 1983, attached to Certificate No. T-298a.

(5) There being nothing further to come before the Commission, this matter is dismissed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970014
APRIL 11, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

For approval of collocated interconnection tariff

ORDER PERMITTING TARIFF WITHDRAWAL AND SUBSTITUTION

On April 11, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") filed a letter requesting that its December 27, 1996, intrastate collocation tariff be withdrawn and that an intrastate version of its currently effective interstate tariff be substituted. The proposed new tariff was attached with a proposed effective date of May 12, 1997.

The Commission finds BA-VA's request to be reasonable. The December 27, 1996, tariff filing shall be withdrawn from this case and the tariff revisions filed April 11, 1997, will be substituted in its place and subject to further review. We remind the parties that a request of this nature should be filed as a motion rather than as a letter. Accordingly,

IT IS THEREFORE ORDERED THAT the BA-VA's request to withdraw its December 27, 1996, intrastate collocation tariff filing is granted and its intrastate collocation tariff filing of April 11, 1997, is substituted in its place.

CASE NO. PUC970015
APRIL 9, 1997

APPLICATION OF
CFW TELEPHONE INC.

To amend its certificates to reflect new corporate name

FINAL ORDER

On February 6, 1997, CFW Telephone Inc. ("CFW" or "the Applicant") filed a letter application stating that its corporate name had been changed from Clifton Forge-Waynesboro Telephone Company. CFW filed supplemental documentation on April 1, 1997, establishing that its Articles of Incorporation had been amended to reflect the corporate name change.

CFW holds the following certificates of public convenience and necessity to provide local exchange telephone service in the Commonwealth: Nos. T-114a; T-115d; T-116f; T-117c; and T-118a. The Applicant seeks to revise its certificates of public convenience and necessity to reflect its new corporate name.

The Commission is of the opinion that revised certificates of public convenience and necessity should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Certificates of public convenience and necessity Nos. T-114a; T-115d; T-116f; T-117c; and T-118a, currently in the name of Clifton Forge-Waynesboro Telephone Company, are hereby canceled and shall be reissued as amended Certificate Nos. T-114b; T-115e; T-116g; T-117d; and T-118b, respectively, in the name of CFW Telephone Inc.

(2) The revised Certificate No. T-114b shall grant CFW Telephone Inc. authority to furnish telephone service in the City of Clifton Forge, in the Town of Covington, and in the territories shown in Alleghany County on the map dated November 3, 1954, attached to Certificate No. T-114a.

(3) The revised Certificate No. T-115e shall grant CFW Telephone, Inc. authority to furnish telephone service in the territory shown in Augusta County on the map dated November 21, 1995, attached to Certificate No. T-115d.

(4) The revised Certificate No. T-116g shall grant CFW Telephone Inc. authority to furnish telephone service in the territory shown in Bath County on the map dated September 27, 1984, attached to Certificate No. T-116f.

(5) The revised Certificate No. T-117d shall grant CFW Telephone Inc. authority to furnish telephone service in the territory shown in Botetourt County on the map dated October 10, 1962, attached to Certificate No. T-117c.

(6) The revised Certificate No. T-118b shall grant CFW Telephone Inc. authority to furnish telephone service in Nelson County as shown on the map dated September 8, 1970, attached to Certificate No. T-118a.

(7) There being nothing further to come before the Commission, this matter is dismissed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970017
MAY 19, 1997

APPLICATION OF
CENTRAL TELEPHONE OF VIRGINIA

For Revisions to its General Subscriber Services Tariff

DISMISSAL ORDER

On February 12, 1997, Central Telephone of Virginia ("Centel" or "Company") filed revisions to its General Subscriber Services Tariff to restructure the rates associated with its Long Distance Message Telecommunications Service.

On April 16, 1997, following discussions with the Commission Staff, Centel notified Edward C. Addison, Director of the Commission's Division of Communications that it was withdrawing the tariff revisions "due to impending changes in the intraLATA toll market which will be created by intraLATA toll dialing parity," which is the subject of another pending docket.

NOW THE COMMISSION, having considered the foregoing, is of the opinion and finds that this case should be, and hereby is, DISMISSED.

CASE NO. PUC970018
MAY 20, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
HYPERION TELECOMMUNICATIONS OF VIRGINIA, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CONDITIONALLY APPROVING AGREEMENT

On February 19, 1997, Bell-Atlantic-Virginia, Inc. ("BA-VA") and Hyperion Telecommunications of Virginia, Inc. ("Hyperion") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated January 14, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56.35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, Hyperion, BA-VA, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA and Hyperion indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059 ("procedural rules"). Comments were to be filed on March 12, 1997. AT&T Communications of Virginia filed comments expressing some minor concerns about the agreement.

One concern raised by AT&T was that the statement of Hyperion and BA-VA saying the Agreement complied with the checklist requirements of § 271 of the Act, 47 U.S.C. § 271 ("§ 271 checklist"). A review for compliance with the § 271 checklist is neither required, nor appropriate at this time. Therefore, the Commission has not reviewed the terms of the Agreement for compliance with § 271 of the Act, does not pass judgment on whether the Agreement meets the requirements of the § 271 checklist, and attaches no weight to the statement of the parties that their Agreement meets the § 271 checklist.

AT&T is also concerned that the Agreement not be viewed as precedent for other negotiated or arbitrated interconnection agreements to be submitted or for any statement of general available terms that BA-VA might submit.

No one filed comments asserting that this Agreement was inconsistent with the public interest, convenience, and necessity or that it was discriminatory to other carriers. Nonetheless, we find that revisions are needed in the Agreement to correct inaccuracies or to conform to the Commission's decisions in other proceedings and to comply with the mandates of the Act.

The first revision occurs in the second sentence of § 5.7.2 of the Agreement. The first phrase of that sentence should be modified as follows: "Until such time as the Commission adopts permanent rates consistent with the requirements of § 252(d) of the Act and applicable FCC requirements established under § 251 of the Act, the rates set forth in Exhibit A . . . ." This language is more consistent with the Act and the October 15, 1996, stay entered by the U.S. Circuit Court of Appeals for the 8th Circuit.

Sections 20.1.1 and 20.1.2 of the Agreement contain imprecise or inaccurate references to "wholesale discount rates." Section 20.1.1 requires certain wholesale rates to remain fixed for the term of the Agreement. Section 20.1.2 indicates that the "wholesale discount rates" as set forth in Exhibit A shall serve as interim rates until replaced by permanent rates.

Pursuant to the Commission's order of November 8, 1996, in Case Nos. PUC960100, PUC960104, and PUC960113, wholesale rates are determined by applying an appropriate discount percentage to the retail rate. Those discount percentages are permanent, not interim. Wholesale discount

prices may vary, however, if the underlying retail rate to which the permanent discount percentage is applied changes. However, Exhibit A of the Agreement provides the wholesale discount percentages not specific prices. The parties shall clarify their intent in Sections 20.1.1 and 20.1.2 with this explanation in mind and to ensure that the wholesale discount percentages in Exhibit A are not considered interim.

In several places, Exhibit A also refers to "pre-interim rates" to ". . . apply until either Commission-approved interim proxy rates or permanent rates are determined." Footnotes then explain that pre-interim rates would be based on a hierarchy set out in the footnotes. While the hierarchy established in the footnotes seem to equate these "pre-interim rates" with the Commission approved interim proxy rates established in BA-VA arbitration decisions, the Agreement would be more clear if it simply stated that BA-VA's interim proxy rates were to be used until replaced by permanent prices. The portions of Exhibit A that need clarification in this regard are as follows:

(1) Item A.4.a. - local loop transmission;

(2) Item A.11.a - interim number portability through co-carrier call forwarding; and

(3) Item B.1.a. - interim number portability through co-carrier call forwarding.

Certain typographical changes need to be made in the agreement. At page 36, Item 11.2.8 refers to ". . . subsection 11.1.9 below" when it should refer to ". . . subsection 11.2.9 below." In Exhibit A, Item A.4.a. should refer to section 11.2 instead of section 11.1. At pages 8 and 10 of Exhibit A, paragraph A.11.a and again at B.1.a., the language "to be determined in accordance with section 11.1 of the agreement" should be deleted from both the non-recurring and recurring columns.

The Commission finds that the Agreement should be approved pursuant to standards of § 252(e)(2)(A) of the Act, subject to the parties making the revisions noted above. It should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only on BA-VA and Hyperion. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and Hyperion is hereby conditionally approved as complying with § 252(e) of the Act. The parties shall submit the revisions noted above on or before June 19, 1997.

(2) This matter is continued generally.

CASE NO. PUC970018
JULY 9, 1997

PETITION OF
BELL ATLANTIC-VIRGINIA, INC.
and
HYPERION TELECOMMUNICATIONS OF VIRGINIA, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On May 20, 1997, the Commission entered an Order Conditionally Approving Agreement in this case requiring certain amendments to the agreement. Bell Atlantic-Virginia, Inc. and Hyperion Telecommunications of Virginia, Inc. filed an amendment to the agreement on June 19, 1997. The Commission has reviewed the parties' amendment. We find that there is still ambiguity in the language of Sections 20.1.1 and 20.1.2 regarding whether wholesale discounts are permanent or interim. Although the parties seem content that they have clarified the ambiguity, the Commission still finds the language unclear. Nevertheless, the Commission's ruling on wholesale discounts was a permanent rate and the agreement can take effect despite the ambiguous language.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The agreement and the amendment are approved under § 252(e) of the Telecommunications Act of 1996 ("the Act"). Any future negotiations that result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of the agreement and the amendment shall be kept on file with the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the interconnection agreement.

CASE NO. PUC970021
MAY 27, 1997

APPLICATION OF
GTE SOUTH, INC.
and
360° COMMUNICATIONS COMPANY

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On February 26, 1997, GTE South, Inc. ("GTE") and 360° Communications Company, 360° Communications Company of Virginia, 360° Communications Company of Charlottesville, 360° Communications Company of Danville Limited Partnership, 360° Communications Company of Lynchburg, Virginia Metronet, Inc., Petersburg Cellular Partnership, Virginia RSA1 Limited Partnership, and Virginia RSA2 Limited Partnership, collectively 360° Communications ("360°") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated December 3, 1996 and January 2, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56-35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, 360°, GTE, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for GTE and 360° indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059 ("procedural rules"). Comments were to be filed on or before March 19, 1997. AT&T Communications of Virginia ("AT&T") filed comments expressing concern about the interpretation of some language in paragraph 7 of the Application. AT&T asked that the Agreement be rejected as discriminatory because AT&T viewed the third sentence of paragraph 7 as limiting the terms of the Agreement to wireless carriers only and that a requesting carrier must take the Agreement in its entirety. AT&T also stated that any such limitation is contrary to § 252(i).

GTE responded that the language was not exclusionary in either the Application or the Agreement. GTE also affirmed that it would comply with § 252(i) of the Act even though interpretation of that section is currently unsettled and under review by the Eighth Circuit Court of Appeals. Iowa Utilities Board et al. v. Federal Communications Commission, et al, Case No. 96-3321.

The Commission attaches weight only to the language in the Agreement. No matter how the Application is construed or interpreted, it is not binding upon the Agreement. Portions of the Agreement indicate that it has been uniquely tailored for interconnections between wireline and wireless carriers, but that does not necessarily mean that a wireline carrier could not also avail itself of interconnection made available under the Agreement, pursuant to § 252(i) and as ultimately construed by the federal appellate courts.

The Commission is also concerned that § 12 of the Agreement requires mandatory arbitration and that it be held in Irving, Texas. However, because this is a voluntary agreement entered into between 360° and GTE, we may only reject the Agreement if it is discriminatory to other carriers or if it is contrary to the public interest. The parties' agreement to binding arbitration at a particular place violates neither of those criteria. While it is possible that the Commission might, in the future, have difficulty enforcing an arbitrator's award that is contrary to Virginia law or Commission Rules, that concern does not warrant rejection of this Agreement.

The Commission finds that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. It should not, however, be viewed as Commission precedent for other agreements. The Agreement is directly binding only GTE and 360°. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by GTE and 360° is hereby approved as complying with § 252(e) of the Act. Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the Agreement.

CASE NO. PUC970022
MAY 27, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
BELL ATLANTIC NYNEX MOBILE

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On February 26, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and Bell Atlantic Nynex Mobile ("BANM") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated February 13, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56.35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BANM, BA-VA, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA and BANM indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059 ("procedural rules"). Comments were to be filed on or before March 19, 1997. AT&T Communications of Virginia filed comments expressing concerns about the interpretation of paragraph 7 of the Application. AT&T asked that the Agreement be rejected as discriminatory because AT&T viewed the second sentence of paragraph 7 as limiting the terms of the Agreement to wireless carriers only and that a requesting carrier must take the agreement in its entirety. AT&T also stated that any such limitation is contrary to § 252(i). BA-VA amended its Application to address the concerns of AT&T.

Even without BA-VA's amendment, the Commission would have relied upon the terms of the Agreement rather than the Application. Statements in the Application, no matter how construed or interpreted, are not binding on the Agreement itself. Portions of the Agreement indicate that it has been uniquely tailored for interconnections between wireline and wireless carriers, but that does not necessarily mean that a wireline carrier could not also avail itself of interconnection available under this Agreement.

This interpretation is bolstered by the requirements of § 252(i) that ". . . any interconnection service, or network element . . ." be made available ". . . to any other telecommunications carrier. . . ." While the FCC's rule on this matter, § 51.809, has been stayed by the U.S. Court of Appeals for the 8th Circuit, the statute is in full force and effect. When the Agreement is read to conform to § 252(i), it cannot discriminate against other carriers.

The Commission finds that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. It should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only BA-VA and BANM. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and BANM is hereby approved as complying with § 252(e) of the Act. Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the Agreement.

CASE NO. PUC970024
MAY 28, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
GTE MOBILENET OF RICHMOND, INC.,
VIRGINIA CELLULAR LIMITED PARTNERSHIP,
VIRGINIA RSA 4 LIMITED PARTNERSHIP,
ROANOKE MSA LIMITED PARTNERSHIP,
VIRGINIA RSA 3 LIMITED PARTNERSHIP,
and DANVILLE CELLULAR TELEPHONE COMPANY

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On February 27, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and GTE Mobilnet of Richmond, Inc., Virginia Cellular Limited Partnership, Virginia RSA 4 Limited Partnership, Roanoke MSA Limited Partnership, Virginia RSA 3 Limited Partnership, and Danville Cellular Telephone Company Limited Partnership ("GTE Cellular Companies") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act") their interconnection agreements ("Agreements") dated February 19, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56.35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreements, the GTE Cellular Companies, BA-VA, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA and the GTE Cellular Companies indicated that a copy of the Agreements were served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059 ("procedural rules"). On March 20, 1997, AT&T Communications of Virginia, Inc. ("AT&T") filed comments expressing concerns about the interpretation of paragraph 7 of the Application. AT&T asked that the Agreements be rejected as discriminatory because AT&T viewed the second sentence of paragraph 7 as limiting the terms of the Agreements to wireless carriers only and that a requesting carrier must take the agreement in its entirety. AT&T also stated that any such limitation is contrary to § 252(i). BA-VA and the GTE Cellular Companies amended their Application to address the concerns of AT&T.

Even without the amendment, the Commission would have relied upon the terms of the Agreements rather than the Application. Statements in the Application, no matter how construed or interpreted, are not binding on the Agreements themselves. Portions of the Agreements indicate that it has been uniquely tailored for interconnections between wireline and wireless carriers, but that does not necessarily mean that a wireline carrier could not also avail itself of interconnection available under these Agreements.

This interpretation is bolstered by the requirements of § 252(i) that ". . . any interconnection service, or network element . . ." be made available ". . . to any other telecommunications carrier. . . ." While the FCC's rule on this matter, § 51.809, has been stayed by the U.S. Court of Appeals for the 8th Circuit, the statute is in full force and effect. When the Agreements are read to conform to § 252(i), they cannot discriminate against other carriers.

The Commission finds that the Agreements should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. They should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreements are directly binding only BA-VA and the GTE Cellular Companies. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and the GTE Cellular Companies is hereby approved as complying with § 252(e) of the Act. Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the Agreement.

CASE NO. PUC970025
JUNE 9, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
RICHMOND CELLULAR TELEPHONE COMPANY

For approval of interconnection agreement under § 252 (e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On March 12, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and Richmond Cellular Telephone Company ("RC") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated March 7, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56.35. This authority has been reaffirmed by the enactment of § 56-235.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, RC, BA-VA, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA and RC indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059 ("procedural rules"). On April 2, 1997, AT&T Communications of Virginia filed comments expressing concerns about the interpretation of paragraph 7 of the Application. AT&T asked that the Agreement be rejected as discriminatory because AT&T viewed the second sentence of paragraph 7 as limiting the terms of the Agreement to wireless carriers only and that a requesting carrier must take the agreement in its entirety. AT&T also stated that any such limitation is contrary to § 252 (i). BA-VA amended its Application to address the concerns of AT&T.

Even without BA-VA's amendment, the Commission would have relied upon the terms of the Agreement rather than the Application. Statements in the Application, no matter how construed or interpreted, are not binding on the Agreement itself. Portions of the Agreement indicate that it has been uniquely tailored for interconnections between wireline and wireless carriers, but that does not necessarily mean that a wireline carrier could not also avail itself of interconnection available under this Agreement.

This interpretation is bolstered by the requirements of § 252(i) that ". . . any interconnection service, or network element . . ." be made available ". . . to any other telecommunications carrier. . . ." While the FCC's rule on this matter, § 51.809, has been stayed by the U.S. Court of Appeals for the 8th Circuit, the statute is in full force and effect. When the Agreement is read to conform to § 252(i), it cannot discriminate against other carriers.

The Commission finds that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. It should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only BA-VA and RC. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and RC is hereby approved as complying with § 252(e) of the Act. Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the Agreement.

CASE NO. PUC970026
JUNE 9, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
WASHINGTON-BALTIMORE CELLULAR LIMITED PARTNERSHIP, d/b/a CELLULAR ONE WASHINGTON/BALTIMORE

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On March 17, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and Washington-Baltimore Cellular Limited Partnership, d/b/a Cellular One Washington/Baltimore ("CO W/B") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated March 7, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56.35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, CO W/B, BA-VA, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA and CO W/B indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059 ("procedural rules"). Comments were to be filed on or before April 7, 1997. AT&T Communications of Virginia filed comments out-of-time expressing concerns about the interpretation of paragraph 7 of the Application. AT&T asked that the Agreement be rejected as discriminatory because AT&T viewed the second sentence of paragraph 7 as limiting the terms of the Agreement to wireless carriers only and that a requesting carrier must take the agreement in its entirety. AT&T also stated that any such limitation is contrary to § 252(i). BA-VA and CO W/B filed responses and amended the Application to address the concerns of AT&T. On April 23, 1997, the Commission entered an Order Granting Extension permitting the late-filed comments and responses to be filed.

Even without BA-VA's amendment, the Commission would have relied upon the terms of the Agreement rather than the Application. Statements in the Application, no matter how construed or interpreted, are not binding on the Agreement itself. Portions of the Agreement indicate that it has been uniquely tailored for interconnections between wireline and wireless carriers, but that does not necessarily mean that a wireline carrier could not also avail itself of interconnection available under this Agreement.

This interpretation is bolstered by the requirements of § 252(i) that ". . . any interconnection service, or network element . . ." be made available ". . . to any other telecommunications carrier. . . ." While the FCC's rule on this matter, § 51.809, has been stayed by the U.S. Court of Appeals for the 8th Circuit, the statute is in full force and effect. When the Agreement is read to conform to § 252(i), it cannot discriminate against other carriers.

The Commission finds that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. It should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only BA-VA and CO W/B. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and CO W/B is hereby approved as complying with § 252(e) of the Act. Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the Agreement.

CASE NO. PUC970027
JULY 21, 1997

APPLICATION OF
CABLE & WIRELESS OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange telephone service

FINAL ORDER

On February 24, 1997 Cable & Wireless of Virginia, Inc. ("C&W" or "the Applicant") filed an application for a certificate of public convenience and necessity to provide local exchange telecommunications services in Virginia throughout the service territory of Bell Atlantic and portions of GTE's service territory. On March 13, 1997, C&W filed an amendment to its application in which it requested service authority throughout the Commonwealth. C&W currently holds a certificate granting it authority to provide interexchange service in Virginia.

By order dated April 11, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to C&W's application.

On July 1, 1997, the Staff filed its report finding that C&W's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018. Accordingly, the Staff recommended granting a local exchange certificate to C&W.

A hearing was conducted on July 17, 1997. C&W filed proof of publication and proof of service as required by the April 11, 1997 scheduling order. At the hearing, the application and amended application, with accompanying exhibits, and the Staff's Report were entered into the record without objection.

Having considered the application, as amended, and the Staff's Report, the Commission finds that such application should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Cable & Wireless of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-380, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) C&W shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.

CASE NO. PUC970028
JUNE 19, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
INTERMEDIA COMMUNICATIONS, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CONDITIONALLY APPROVING AGREEMENT

On March 21, 1997, Bell-Atlantic-Virginia, Inc. ("BA-VA") and Intermedia Communications, Inc. ("ICI") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated February 19, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56.35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, ICI, BA-VA, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA and ICI indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059 ("procedural rules"). AT&T Communications of Virginia filed comments on April 16, 1997, expressing some minor concerns about the agreement.

One concern raised by AT&T was the statement of ICI and BA-VA saying the Agreement complied with the checklist requirements of § 271 of the Act, 47 U.S.C. § 271 ("§ 271 checklist"). A review for compliance with the § 271 checklist is neither required, nor appropriate at this time. Therefore, the Commission has not reviewed the terms of the Agreement for compliance with § 271 of the Act, does not pass judgment on whether the Agreement meets the requirements of the § 271 checklist, and attaches no weight to the statement of the parties that their Agreement meets the § 271 checklist.

AT&T is also concerned that the Agreement not be viewed as precedent for other negotiated or arbitrated interconnection agreements to be submitted or for any statement of general available terms that BA-VA might submit.

No one filed comments asserting that this Agreement was inconsistent with the public interest, convenience, and necessity or that it was discriminatory to other carriers. Nonetheless, we find that revisions are needed in the Agreement to correct inaccuracies or to conform to the Commission's decisions in other proceedings and to comply with the mandates of the Act.

The first revision occurs in Sections 20.1.1 and 20.1.2 of the Agreement. Sections 20.1.1 and 20.1.2 of the Agreement contain imprecise or inaccurate references to "wholesale discount rates." Section 20.1.1 requires certain wholesale rates to remain fixed for the term of the Agreement. Section 20.1.2 indicates that the "wholesale discount rates" as set forth in Exhibit A shall serve as interim rates until replaced by permanent rates.

Pursuant to the Commission's order of November 8, 1996, in Case Nos. PUC960100, PUC960104, and PUC960113, wholesale rates are determined by applying an appropriate discount percentage to the retail rate. Those discount percentages are permanent, not interim. Wholesale discount prices may vary, however, if the underlying retail rate to which the permanent discount percentage is applied changes. However, Exhibit A of the Agreement provides the wholesale discount percentages, not specific prices. The parties shall clarify their intent in Sections 20.1.1 and 20.1.2 with this explanation in mind and to ensure that the wholesale discount percentages in Exhibit A are not considered interim.

In several places, Exhibit A also refers to "pre-interim rates" to ". . . apply until either Commission-approved interim proxy rates or permanent rates are determined." Footnotes then explain that pre-interim rates would be based on a hierarchy set out in the footnotes. While the hierarchy established in the footnotes seem to equate these "pre-interim rates" with the Commission approved interim proxy rates established in BA-VA arbitration decisions, the Agreement would be more clear if it simply stated that BA-VA's interim proxy rates were to be used until replaced by permanent prices. The portions of Exhibit A that need clarification in this regard are as follows:

(1) Item A.4.a. - local loop transmission;

(2) Item A.11.a - interim number portability through co-carrier call forwarding; and

(3) Item B.1.a. - interim number portability through co-carrier call forwarding.

Certain typographical changes need to be made in the agreement. At page 37, Item 11.2.8 refers to ". . . subsection 11.1.9 below" when it should refer to ". . . subsection 11.2.9 below." In Exhibit A, Item A.4.a. should refer to section 11.2 instead of section 11.1. At pages 9 and 11 of Exhibit A, paragraph A.11.a and again at B.1.a., the language "to be determined in accordance with section 11.1 of the agreement" should be deleted from both the non-recurring and recurring columns.

The Commission finds that the Agreement should be approved pursuant to standards of § 252(e)(2)(A) of the Act, subject to the parties making the revisions noted above. It should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only on BA-VA and ICI. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and ICI is hereby conditionally approved as complying with § 252(e) of the Act. The parties shall submit the revisions noted above on or before July 21, 1997.

(2) This matter is continued generally.

CASE NO. PUC970028
JULY 30, 1997

PETITION OF
BELL ATLANTIC-VIRGINIA, INC.
and
INTERMEDIA COMMUNICATIONS, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On June 19, 1997, the Commission entered an Order Conditionally Approving Agreement in this case requiring certain amendments to the agreement. Bell Atlantic-Virginia, Inc. and Intermedia Communications, Inc. filed an amendment to the agreement on July 21, 1997. The Commission has reviewed the parties' amendment. We find that there is still ambiguity in the language of Sections 20.1.1 and 20.1.2 regarding whether wholesale discounts are permanent or interim. Although the parties seem content that they have clarified the ambiguity, the Commission still finds the language unclear. Nevertheless, the Commission's ruling on wholesale discounts was a permanent rate and the agreement can take effect despite the ambiguous language.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The agreement and the amendment are approved under § 252(e) of the Telecommunications Act of 1996 ("the Act"). Any future negotiations that result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of the agreement and the amendment shall be kept on file with the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the interconnection agreement.

CASE NO. PUC970029
MARCH 28, 1997

MOTION TO REJECT AND PETITION OF
PAYTEL COMMUNICATIONS, INC.
PEOPLES TELEPHONE COMPANY, INC.,
PHON TEL TECHNOLOGIES, INC., AND
COMMUNICATIONS CENTRAL, INC.

For rejection of and investigation of tariffs filed by Virginia local exchange carriers pursuant to § 276 of the Telecommunications Act of 1996

ORDER AUTHORIZING INTERIM RATES AND INITIATING INVESTIGATION

On March 21, 1997, PayTel Communications, Inc. ("PayTel"), Peoples Telephone Company ("Peoples Telephone"), Phon Tel Technologies, Inc. ("Phon Tel"), and Communications Central, Inc. ("Communications Central") (collectively, the "Payphone Service Providers") filed their motion to reject tariffs filed by various Virginia local exchange companies ("LECs"), and seeking an investigation of the rates proposed in those tariffs for basic payphone services. The motion and petition filed by the payphone service providers and the various tariffs filed by the LECs result from the

requirements of § 276 of the Telecommunications Act of 1996 ("Act"), 47 U.S.C. § 276, and orders issued by the Federal Communications Commission ("FCC") in CC Docket No. 96-128.[1]

Among other things, the Report and Order, and Order on Reconsideration, directed LECs to file intrastate tariffs, on or before January 15, 1997, to be effective on or before April 15, 1997, for basic payphone services. Such tariffs must be (1) cost based, (2) consistent with the requirements of § 276 of the Act and (3) non-discriminatory. (See Order on Reconsideration at Paragraph 163)

The Report and Order, and Order on Reconsideration, have been appealed to the U.S. Circuit Court of Appeals for the District of Columbia, but that Court has issued no stay or other order concerning the effectiveness of the two orders.

The petition and motion specifically address tariffs filed by Bell Atlantic-Virginia, Inc. ("BA-VA"), GTE South Incorporated ("GTE"), United Telephone-Southeast, Inc. ("United") and Central Telephone Company of Virginia ("Centel"). The petition and motion note that GTE withdrew its proposed tariff. GTE refiled its tariffs on March 27, 1997, with an effective date of April 15, 1997. In addition, proposed tariffs have been filed by Clifton Forge-Waynesboro Telephone Company ("CFW") and TDS subsidiaries, Amelia Telephone Company ("Amelia"), New Castle Telephone Company ("New Castle"), and Virginia Telephone Company.

Having considered the petition and motion, the Act, the Report and Order, and Order on Reconsideration, and the various tariff filings, the Commission finds that this matter should be docketed, that the tariff filings should be investigated, that the proposed rates which are allowed to take effect should be interim and subject to refund and that comments should be invited. Allowing these tariffs to take effect in no way indicates or implies compliance with § 276 of the Act or with the FCC's orders in CC Docket No. 96-128. Accordingly,

IT IS THEREFORE ORDERED:

(1) This matter is docketed and assigned Case No. PUC970029.

(2) The proposed payphone tariffs of BA-VA, GTE South, GTE-Contel, United, Centel, CFW, Amelia, New Castle, and Virginia Telephone Company may take effect as proposed subject to investigation and refund if the Commission ultimately determines that different rates should be imposed.

(3) BA-VA may not implement any of its proposed tariff revisions that violate its Plan for Alternative Regulation, Paragraphs 6 or 7.

(4) On or before April 30, 1997, interested parties may respond to the petition and motion and to the various tariff filings. Such comments may address any matter deemed pertinent pursuant to the Act or Virginia statutes. At a minimum, they should address whether and how these tariffs meet the requirements of the Act and the FCC.

(5) Each LEC shall maintain detailed billing accounts for the interim rates authorized to take effect. Such accounts shall be used to rebill customers in the event the Commission ultimately approves different rates.

(6) No provisions in these tariffs that would increase rates of existing customers may take effect until further order of the Commission.

(7) The $0.25 coin rate for local calls and other applicable local and intrastate rates to the public will remain tariffed and regulated by the Commission.

[1] Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, Report Order, FCC Order No. 96-388 (Released September 20, 1996) (hereafter "Report and Order"); and Order on Reconsideration, FCC Order No. 96-439 (Released November 8 1996) (hereafter "Order on Reconsideration").

CASE NO. PUC970030
SEPTEMBER 8, 1997

APPLICATION OF
US LEC OF VIRGINIA, L.L.C.

For a certificate of public convenience and necessity to provide local exchange telecommunication services

FINAL ORDER

On May 16, 1997, US LEC of Virginia, L.L.C. ("US LEC" or "the Company") filed a completed application for a certificate of public convenience and necessity ("certificate") to provide local exchange and exchange access telecommunication services throughout the Commonwealth of Virginia. By Order dated July 9, 1997, the Commission directed the Company to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to such application

On August 15, 1997, Staff filed its report finding that US LEC's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition as adopted in Case No. PUC950018. The Staff recommended granting a local exchange certificate to US LEC on the condition that it retain any customer deposits collected by the Company in an unaffiliated third party escrow account.

A hearing was conducted on September 3, 1997. US LEC filed proof of publication and proof of service as required by the July 9, 1997 Order. At the hearing, the application, the Company's exhibits and Staff's report were entered into the record without objection.

Having considered the application and the Staff's report, the Commission finds that such application should be granted. Although we will require the Company to retain any customer deposits in an unaffiliated third party escrow account, this requirement should not be interpreted to prevent the Company's normal access to deposits from delinquent terminated accounts. Accordingly, IT IS THEREFORE ORDERED THAT:

(1) US LEC of Virginia, L.L.C. is hereby granted a certificate of public convenience and necessity, No. T-385 to provide local exchange telecommunication service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) US LEC shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) Should US LEC collect customer deposits, it shall establish and maintain an escrow account, held by an unaffiliated third party, for such funds and shall notify the Commission Staff of the escrow arrangement. Any escrow arrangement established pursuant to this Order shall be maintained for such time as the Staff or the Commission determines necessary.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.

CASE NO. PUC970031
AUGUST 25, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For authority to provide Notice to its Prospect Customers of revised ELS Proposal

FINAL ORDER

On May 15, 1995, telephone subscribers in Central Telephone Company of Virginia's ("Centel" or "the Company") Prospect exchange petitioned the Virginia State Corporation Commission ("Commission") for extended local service (ELS) to the Company's Arvonia, Buckingham, Crewe, Dillwyn, and Burkeville exchanges, the Cumberland exchange of Bell Atlantic-Virginia, Inc., and the Keysville exchange of GTE South, Inc.

The Prospect customers were polled regarding their willingness to pay an increase in monthly rates for local calling to Arvonia, Buckingham, Crewe, Dillwyn, Burkeville, Cumberland, and Keysville. This survey passed with 60 percent favoring the increased local calling area.

Cost studies were then completed for the exchange calling back to Prospect. On May 10, 1996, Arvonia customers were polled regarding their willingness to pay an increase in monthly rates for local calling to Prospect. The survey failed with 65 percent voting against the expanded local calling area proposal.

Buckingham customers were provided with public notice and given until December 30, 1996, to file comments or request a hearing on the proposal. No comments or requests for a hearing were received.

The remainder of the Centel exchanges (Crewe, Dillwyn, and Burkeville) will not experience an initial rate increase from the expansion of the local calling area and were not required to receive public notice in this case. Centel will notify these customers of the expansion of their calling area via bill message if the proposal is approved.

Bell Atlantic customers in the Cumberland exchange were provided with public notice and given until December 30, 1996, to file comments or request a hearing on the proposal. No comments or requests for a hearing were received.

GTE customers in the Keysville exchange were provided with public notice and given until February 10, 1997, to file comments or request a hearing on the proposal. One comment was received favoring the proposal.

As a result of the Arvonia customers rejecting the proposal, the proposed monthly rate changes for the Prospect customers to call the remainder of the exchanges (Buckingham, Crewe, Cumberland, Dillwyn, Keysville, and Burkeville) would decrease. Centel provided the Commission Staff with a revised cost study reflecting this.

Centel filed an application March 24, 1997, for authority to provide notice to its Prospect exchange customers of the revised ELS proposal with the removal of Arvonia and the resulting change in rates.

By order of May 20, 1997, the Commission directed Centel to publish notice of the revised ELS proposal in the Prospect area. Comments or requests for hearing were due by July 30, 1997.

On August 13, 1997, the Division of Communications filed its report. The Staff noted that Centel provided proof of notice on July 25, 1997, and that one customer comment favoring the proposal was received. The Staff Report recommends approval of Centel's proposal to extend the local calling area of its Prospect exchange to include the Buckingham, Crewe, Dillwyn, Burkeville, Cumberland, and Keysville exchanges.

Accordingly, IT IS ORDERED THAT:

(1) The proposed extension of local service from Centel's Prospect exchange to its Buckingham, Crewe, Dillwyn, and Burkeville exchanges; to Bell Atlantic's Cumberland exchange; and to GTE's Keysville exchange shall be implemented in a manner suitable to the companies.

(2) The companies shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970033
JUNE 20, 1997

APPLICATION OF
HYPERION TELECOMMUNICATIONS OF VIRGINIA, INC.

For a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Service and to Amend its Interexchange Certificate of Public Convenience and Necessity

FINAL ORDER

On April 24, 1997, Hyperion Telecommunications of Virginia, Inc. ("Hyperion" or "the Applicant") filed an amended application with the State Corporation Commission for a certificate of public convenience and necessity to provide local exchange telecommunications services throughout the Commonwealth of Virginia, and to amend its certificate to provide interexchange telecommunications service in Charlottesville and Albermarle County to include the entire state.

By order dated May 9, 1997, the Commission directed the Applicant to provide notice to the public of its application, required the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to Hyperion's application to obtain a local exchange certificate and amend its interexchange certificate.

On June 10, 1997, the Staff filed its report, finding that Hyperion's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, and the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035, except that the financial statements provided by Hyperion were unaudited. Therefore, the Staff recommended granting a certificate to Hyperion for the provision of local exchange telecommunications service subject to Hyperion filing audited financial statements of its corporate parent, Hyperion Telecommunications, Inc., for the period ending December 31, 1997. Staff also recommended amending Hyperion's certificate to provide interexchange telecommunications services.

A hearing was conducted on June 17, 1997. Hyperion filed proof of publication and proof of service as required by the May 9, 1997, scheduling order. At the hearing, the application and accompanying attachments, and the Staff Report were entered into the record without objection by the parties.

Having considered the application and the Staff Report, the Commission finds that Hyperion's application should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Hyperion Telecommunications of Virginia, is hereby granted a certificate of public convenience and necessity, No. TT-23B, to provide interexchange telecommunications services throughout the Commonwealth of Virginia subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order. Hyperion's certificate of public convenience and necessity, No. TT-23A, to provide interexchange services in Charlottesville and Albermarle County shall be canceled.

(2) Hyperion Telecommunications of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-379 to provide local exchange telecommunications services subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Hyperion shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(4) Hyperion shall provide to the Division of Economics and Finance audited year-end 1997 financial statements of its corporate parent, Hyperion Telecommunications, Inc., on or before April 15, 1998.

(5) Pursuant to § 56-481.1 of the Code of Virginia, Hyperion may price its interexchange service competitively.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.

CASE NO. PUC970035
JUNE 19, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
360° COMMUNICATIONS COMPANY

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On April 1, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and 360° Communications Company ("360°") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated March 20, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to ensure conformance to the public interest. See Va. Const. Art. IX § 2 and Code of Va. § 56-35. This authority has been reaffirmed by enactment of § 56-235.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must ensure the continuation of quality exchange service and protect the public interest. Notwithstanding their negotiated agreement BA-VA and 360°, and all other providers of local exchange service, must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA and 360° indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059 ("procedural rules"). On April 22, 1997, AT&T Communications of Virginia ("AT&T") filed comments expressing concern about the interpretation of paragraphs 7 and 8 of the Application. AT&T viewed such paragraphs as limiting the terms of the Agreement to wireless carriers only and that a requesting carrier must take the Agreement in its entirety. AT&T stated that any such limitation is contrary to § 252(i). AT&T noted, however, that if BA-VA amended its application to incorporate certain language agreed upon in Case No. PUC970022, it would not object to granting approval of the Agreement. BA-VA subsequently amended its Application to address the concerns of AT&T.

Even without BA-VA's amendment, the Commission would have relied upon the terms of the Agreement rather than the Application. Statements in the Application, no matter how construed or interpreted, are not binding on the Agreement itself. Portions of the Agreement indicate that it has been uniquely tailored for interconnections between wireline and wireless carriers, but that does not necessarily mean that a wireline carrier could not avail itself of interconnection available under this Agreement.

This interpretation is bolstered by the requirements of § 252(i) that ". . . any interconnection service, or network element . . . be made available . . . to any other telecommunications carrier. . . ." While the FCC's rule on this matter, § 51.809, has been stayed by the U.S. Court of Appeals for the 8th Circuit, the statute is in full force and effect. When the Agreement is read to conform to § 252(i), it cannot discriminate against other carriers.

The Commission finds that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. It should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only on BA-VA and 360°. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and 360° is hereby approved as complying with § 252(e) of the Act. Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the Agreement.

CASE NO. PUC970037
JUNE 27, 1997

JOINT APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
KMC TELECOM OF VIRGINIA, INC.

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER CONDITIONALLY APPROVING AGREEMENT

On April 2, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and KMC Telecom of Virginia, Inc. ("KMC") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated March 12, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to ensure conformance to the public interest. See Va. Const. Art IX § 2 and Code of Va. § 56.35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must ensure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, KMC and all other providers of local exchange service must comply with all statutory standards and Commission rules.

Counsel for BA-VA and KMC indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059 ("procedural rules"). Comments were to be filed on April 23, 1997. AT&T Communications of Virginia filed comments expressing some minor concerns about the agreement.

One concern raised by AT&T was the statement of BA-VA and KMC saying that the Agreement complied with the checklist requirements of § 271 of the Act, 47 U.S.C. § 271 ("§ 271 checklist"). A review for compliance with the § 271 checklist is neither required nor appropriate at this time. Therefore, the Commission has not reviewed the terms of the Agreement for compliance with § 271 of the Act, does not pass judgment on whether the Agreement meets the requirements of the § 271 checklist, and attaches no weight to the statement of the parties that their agreement meets the § 271 checklist.

AT&T is also concerned that the Agreement not be viewed as precedent for other negotiated or arbitrated interconnection agreements to be submitted or for any statement of general available terms that BA-VA might submit.

No one filed comments asserting that this Agreement was inconsistent with the public interest, convenience, and necessity or that it was discriminatory to other carriers. Nonetheless, we find that revisions are needed in the Agreement to correct inaccuracies or to conform to the Commission's decisions in other proceedings and to comply with the mandates of the Act.

The first revision occurs in §§ 20.1.1 and 20.1.2 of the Agreement. Sections 20.1.1 and 20.1.2 of the Agreement contain imprecise or inaccurate references to "wholesale discount rates." Section 20.1.1 requires certain wholesale rates to remain fixed for the term of the Agreement. Section 20.1.2 indicates that the "wholesale discount rates" as set forth in Exhibit A shall serve as interim rates until replaced by permanent rates.

Pursuant to the Commission's order of November 8, 1996, in Case Nos. PUC960100, PUC960104, and PUC960113, wholesale rates are determined by applying an appropriate discount percentage to the retail rate. Those discount percentages are permanent, not interim. Wholesale discount prices may vary, however, if the underlying retail rate to which the permanent discount percentage is applied changes. However, Exhibit A of the Agreement provides the wholesale discount percentages, not specific prices. The parties shall clarify their intent in §§ 20.1.1 and 20.1.2 with this explanation in mind and to ensure that the wholesale discount percentages in Exhibit A are not considered interim.

The Commission finds that the Agreement should be approved pursuant to standards of § 252(e)(2)(A) of the Act, subject to the parties making the revisions noted above. It should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only on BA-VA and KMC. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and KMC is hereby conditionally approved as complying with § 252(e) of the Act. The parties shall submit the revisions noted above on or before July 31, 1997.

(2) This matter is continued generally.

CASE NO. PUC970037
AUGUST 5, 1997

JOINT APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
KMC TELECOM OF VIRGINIA, INC.

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On June 27, 1997, the Commission entered an Order Conditionally Approving Agreement and requiring certain amendments to the interconnection agreement between Bell Atlantic-Virginia, Inc. and KMC Telecom of Virginia, Inc. On July 31, 1997, the parties' filed a revised agreement. The Commission has reviewed the parties' revised agreement. We find that there is ambiguity in the language of Sections 20.1.1 and 20.1.2 regarding whether wholesale discounts are permanent or interim. Although the parties seem content that they have clarified the ambiguity, the Commission finds the language unclear. Nevertheless the Commission's ruling on wholesale discounts was a permanent rate and the agreement can take effect despite the ambiguous language.

Accordingly, IT IS ORDERED THAT:

(1) The agreement and the amendment are approved under § 252(e) of the Telecommunications Act of 1996 ("the Act"). Any future negotiations that result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of the amended agreement shall be kept on file with the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the interconnection agreement.

CASE NO. PUC970038
JULY 23, 1997

APPLICATION OF
ACCESS VIRGINIA, INC.

For a certificate of public convenience and necessity to provide local exchange telecommunications services

FINAL ORDER

On April 7, 1997, Access Virginia, Inc. ("Access Virginia" or "Applicant") filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity ("certificate") to provide local exchange telecommunications services within the Commonwealth of Virginia. Access Virginia intends to provide local service to customers primarily through reselling the services and unbundled network elements it obtains from the incumbent local exchange carriers. According to the application, the Applicant's initial market area will include all or part of the exchange/zone areas of Alexandria-Arlington, Fairfax-Vienna, Falls Church-McLean, and Herndon, Virginia.

By Order dated May 2, 1997, among other things, the Commission directed Access Virginia to provide notice to the public of its application, directed the Commission Staff ("Staff") to conduct an investigation and file a report on the application, and scheduled a public hearing.

On July 3, 1997, the Staff filed its report, which stated that Access Virginia's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition ("Rules") as adopted in Case No. PUC950018.

A hearing was conducted on July 17, 1997. Access Virginia filed its proof of publication and proof of service as required by the May 2, 1997 Order for Notice and Hearing. At the hearing, the application and the Staff Report were entered into the record without objection.

Having considered the application and the Staff Report, the Commission finds that Access Virginia's application should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Access Virginia, Inc. is hereby granted Certificate of Public Convenience and Necessity No. T-382, to provide local telecommunications services within the Commonwealth of Virginia, subject to the conditions set out in the Commission's Rules for Local Exchange Telephone Competition and Virginia Code § 56-265.4:4.

(2) Access Virginia shall provide tariffs to the Commission's Division of Communications which conform with all Commission rules and regulations.

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the Commission's files for ended causes.

CASE NO. PUC970039
JUNE 27, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
AT&T WIRELESS SERVICES, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On April 7, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and AT&T Wireless Services, Inc. ("AT&T Wireless") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), an interconnection agreement ("Agreement").

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56.35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must

assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, AT&T Wireless, BA-VA, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA indicated that a copy of the Agreement was served in accordance with paragraph (B)(1) of the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059.

The Commission finds that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. They should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only BA-VA and AT&T Wireless. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and AT&T Wireless is hereby approved as complying with § 252(e) of the Act. Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the Agreement.

CASE NO. PUC970040
JULY 21, 1997

APPLICATION OF
PINNACLE TELECOMMUNICATIONS OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local and interexchange telecommunications services

FINAL ORDER

On April 8, 1997, Pinnacle Telecommunications of Virginia, Inc.("Pinnacle" or "Applicant") filed an application for certificates of public convenience and necessity to provide local and interexchange telecommunications services throughout the Commonwealth of Virginia.

By order dated April 22, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to Pinnacle's application for a certificate to provide local exchange service. On July 1, 1997, the Staff filed its report finding that Pinnacle's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, and the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035, except that the financial statements submitted by Pinnacle of its ultimate corporate parent, Pinnacle Online, Inc., were unaudited. Based upon its review of Pinnacle's application and unaudited financial statements, the Staff, it its report, determined it would be appropriate to grant a local exchange certificate and interexchange certificate to Pinnacle subject to Pinnacle Online, Inc., the entity responsible for financing Pinnacle, providing audited year-end 1997 financial statements to the Staff on or before March 31, 1998.

A hearing was conducted on July 17, 1997. Pinnacle filed proof of publication and proof of service as required by the April 22, 1997 scheduling order. At the hearing, the application and accompanying attachments, and the Staff Report were entered into the record without objection. Also at the hearing, Staff, by counsel, amended its Report by recommending that any customer deposits collected by Pinnacle be retained in an escrow account held by a third party. This requirement is consistent with the Commission's Final Order in Case No. PUC970004 in which an applicant did not submit audited financial statements with its application.

Having considered the application and the Staff Report, the Commission finds that Pinnacle's application should be granted. Having considered § 56-481.1, the Commission also finds that Pinnacle may price its interexchange services competitively.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Pinnacle Telecommunications of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. TT-36A, to provide interexchange service subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(2) Pinnacle Telecommunications of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-381, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(3) Pinnacle shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(4) Pinnacle shall provide to the Division of Economics and Finance audited, year-end 1997 financial statements of its ultimate corporate parent, Pinnacle Online, Inc., on or before March 31, 1998.

(5) Should Pinnacle collect customer deposits, it shall establish and maintain an escrow account, held by a third party, to hold such funds, and shall notify the Commission Staff of the escrow arrangement. Any escrow arrangement established pursuant to this order shall be maintained for such time as the Staff or Commission determines necessary.

(6) Pursuant to § 56-481.1 of the Code of Virginia, Pinnacle may price its interexchange service competitively.

(7) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.

CASE NO. PUC970043
SEPTEMBER 16, 1997

APPLICATION OF
RCN TELECOM SERVICES OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On April 17, 1997, RCN Telecom Services of Virginia, Inc. ("RCN" or "Applicant") filed an application for a certificate of public convenience and necessity to provide local exchange telecommunications services. On May 19, 1997, the Applicant filed a corrected version of its application. On June 2, 1997, RCN amended its application to also request a certificate of public convenience and necessity to provide interexchange telecommunications services. RCN intends to offer these services throughout the Commonwealth of Virginia.

By order dated July 10, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to RCN's application for a certificate to provide local exchange service. On August 21, 1997, the Staff filed its report finding that RCN's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, and the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035, and therefore the Staff recommended granting the Applicant the requested certificates.

A hearing was conducted on September 8, 1997. RCN filed proof of publication and proof of service as required by the July 10, 1997 scheduling order. At the hearing, all pertinent documents were entered into the record without objection.

Having considered the application, as amended, the testimony and the Staff Report, the Commission finds that RCN's application should be granted.

Having considered § 56-481.1 of the Code of Virginia, the Commission also finds that RCN may price its interexchange services competitively.

Accordingly, IT IS ORDERED THAT:

(1) RCN Telecom Services of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. TT-39A, to provide interexchange service subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(2) RCN Telecom Services of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-387, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(3) RCN shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(4) Pursuant to § 56-481.1 of the Code of Virginia, RCN may price its interexchange services competitively.

(5) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.

CASE NO. PUC970044
OCTOBER 8, 1997

APPLICATION OF
ATX TELECOMMUNICATIONS SERVICES, LTD.

For a certificate of public convenience and necessity to provide local exchange telecommunications service

FINAL ORDER

On April 18, 1997, ATX Telecommunications Services, Ltd. ("ATX" or "Applicant") filed an application for a certificate of public convenience and necessity ("certificate") to provide local exchange telecommunications service within the Commonwealth of Virginia. On June 30, 1997, the Applicant submitted additional documents to the Commission to complete its application. According to ATX, the Applicant's market area will

include all exchanges in which Bell Atlantic-Virginia, Inc. ("BA-VA") and GTE South Incorporated ("GTE") provide local exchange service in Virginia.

By Order dated July 8, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a hearing to receive evidence relevant to said application.

On August 20, 1997, ATX, by counsel, filed a Motion to Waive Rule 5(A)(4) of the Commission's Rules for Local Exchange Telephone Competition ("Local Rules") adopted in Case No. PUC950018, together with a supplement to its application. ATX subsequently advised that it had failed to give notice to the certificated local exchange carriers as required by Ordering Paragraph (5) of the July 8, 1997 Order. At the Applicant's request, the procedural schedule for this matter was extended.

On September 18, 1997, Staff filed its report, wherein it opposed ATX's request for waiver of Local Rule 5(A)(4). Based upon its review, Staff determined that it would be appropriate to grant a local exchange certificate to ATX, subject to the following conditions: (1) that ATX provide audited financial statements to the Staff in conformance with the Local Rules, no later than one year after the receipt of its certificate; and (2) that if ATX requires customer deposits, any deposits collected by the Applicant be retained in an unaffiliated third-party escrow account.

A hearing was conducted on October 2, 1997. ATX filed proof of publication as required by the Commission's July 8, and August 21, 1997 Orders. The Applicant also withdrew its Motion for Waiver. At the hearing, the application, ATX's exhibits and the Staff's report were entered into the record without objection.

Having considered the application and the Staff's report, the Commission finds that ATX's application should be granted subject to the conditions referred to above. In the event ATX requires customer deposits, we will direct the Applicant to retain such deposits in an unaffiliated third-party escrow account. However, this requirement should not be interpreted to prevent ATX's normal access to deposits from delinquent terminated accounts.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) ATX Telecommunications Services, Ltd. is hereby granted Certificate of Public Convenience and Necessity No. T-388 to provide local exchange telecommunications service in all exchanges in which BA-VA and GTE provide local exchange service in Virginia, subject to the restrictions and provisions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) ATX shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) ATX shall provide to the Commission's Division of Economics and Finance audited, year-end 1997 financial statements on or before October 2, 1998. ATX shall continue to provide audited financial statements annually thereafter as contemplated by Local Rule 5(A)(4).

(4) Should ATX collect customer deposits, it shall establish and maintain an escrow account, held by an unaffiliated third party, for such funds, and shall notify the Commission Staff of the escrow arrangement. Any escrow arrangement established pursuant to this Order shall be maintained for such time as the Staff or Commission determines necessary.

(5) There being nothing further to come before the Commission, this case shall be dismissed, and the papers filed herein placed in the file for ended causes.

CASE NO. PUC970045
OCTOBER 9, 1997

APPLICATION OF
TEL-SAVE HOLDINGS OF VIRGINIA, INC.

For certificate of public convenience and necessity to provide local exchange telecommunications services

FINAL ORDER

On April 21, 1997, Tel-Save Holdings of Virginia, Inc. ("Tel-Save" or "Applicant") filed an application for a certificate of public convenience and necessity to provide non-facilities based local exchange telecommunications service. On June 25, 1997, the Applicant completed its application. Tel-Save intends to offer local exchange telecommunications services within the Commonwealth in all exchanges in which Bell Atlantic-Virginia, Inc. and GTE South, Inc. provide local service.

By order dated August 18, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to Tel-Save's application for a certificate to provide local exchange service. On September 25, 1997, the Staff filed its report finding that Tel-Save's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, and therefore the Staff recommended granting the Applicant the requested certificate.

A hearing was conducted on October 2, 1997. Tel-Save filed a proof of publication and proof of service as required by the August 18, 1997 scheduling order. At the hearing, all pertinent documents were entered into the record without objection.

Having considered the application and the Staff Report, the Commission finds that Tel-Save's application should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Tel-Save Holdings of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-391, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(2) Tel-Save shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.

CASE NO. PUC970046
JULY 21, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
HYPERION TELECOMMUNICATIONS OF VIRGINIA, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On April 22, 1997, Central Telephone Company of Virginia ("Centel") and Hyperion Telecommunications of Virginia, Inc. ("Hyperion") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement dated April 7, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56-35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreements, Centel, Hyperion, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for Centel and Hyperion indicated that a copy of the Agreements were served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059 ("procedural rules"). On May 12, 1997, AT&T Communications of Virginia, Inc. ("AT&T") filed comments about the application. AT&T expressed concerns that various provisions of the agreement would be inconsistent with the public interest, convenience, and necessity unless it were determined that the approval of the agreement would not be precedent for other interconnection agreements.

AT&T is correct that approval of the agreement should not be viewed as Commission precedent for other agreements. The agreement is directly binding only on Centel and Hyperion. Pursuant to the standards of § 252(e)(2)(A) of the Act, the Commission may reject the agreement only if it finds that the agreement discriminates against a telecommunications carrier not a party to the agreement or if implementation of the agreement is not consistent with the public interest convenience and necessity. Under those standards, the Commission finds that the agreement should be approved in spite of some concerns. The agreement incorporates interim rates not established by the Commission but agreed to by the parties as set forth in Exhibit 1. The agreement further states the interim rates will be replaced once permanent rates have been established by the Commission. According to the agreement, each party is to be compensated for the differences between interim rates and permanent rates ultimately established by the Commission. However, to date, the Commission has had no request from any party requesting arbitration with Centel and has established no proceeding to determine Centel's "permanent" interconnection rates in accordance with § 252(d). The Commission is not bound by the language of this agreement when and if it establishes permanent prices. Rather, the Commission will be governed by § 252(d) of the Act as interpreted by the Commission, the Federal Communications Commission, and appropriate courts. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by Centel and Hyperion Cellular Companies is hereby approved as complying with § 252(e) of the Act. Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the Agreement.

CASE NO. PUC970048
JULY 23, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
NETWORK ACCESS SOLUTIONS, INC.

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On April 24, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and Network Access Solutions, Inc. ("NAS") jointly filed for approval under § 252(e) of the Telecommunications Act of 1996 ("the Act") an interconnection agreement dated April 7, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX § 2 and Code of Va. § 56-35. This authority has been reaffirmed by the enactment of § 56-235.5(B) and § 56-265.4:4(C)(1). Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, NAS and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA certified that a notice of filing was served in accordance with Section B(1) of the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996 as adopted in Case No. PUC960059 ("procedural rules"). According to the procedural rules, comments were to be filed within 21 days of the filing of the agreement. AT&T Communications of Virginia, Inc. ("AT&T") filed timely comments on May 15, 1997.

Under § 252(e)(2)(A) of the Act, the Commission may only reject an interconnection agreement adopted by negotiation if it finds that (1) the agreement discriminates against another telecommunications carrier; or (2) the implementation of the agreement is not consistent with the public interest, convenience and necessity. No one commented that the implementation of the agreement was discriminatory or inconsistent with the public interest, convenience and necessity.

AT&T expressed concern that the Commission should reserve its judgment on the issue of whether the agreement in this case meets the Act's § 271 "checklist" for allowing BA-VA into the in-region interLATA long distance market. A review for compliance with the § 271 checklist is neither required, nor appropriate at this time. Therefore, the Commission has not reviewed the terms of the Agreement for compliance with § 271 of the Act and does not pass judgment on whether the Agreement meets the requirements of the § 271 checklist.

AT&T also expressed concern that the agreement not be viewed as precedent for any other submitted interconnection agreement or for any statement of general available terms filed by BA-VA. The Commission has reviewed the agreement under the criteria of § 252(e)(2)(A) of the Act. We find that the agreement is only directly binding on BA-VA and NAS and does not specifically impact parties other than those parties to the agreement.

We have found one area of concern in the agreement. There is language in Section 8.1.2 stating that the wholesale discount rates are interim rates. The Commission's ruling on wholesale discount rates for BA-VA was a permanent rate. Nevertheless, the Commission's ruling speaks for itself and the agreement can take effect despite this incorrect language.

Regardless of the above concern, we find that the agreement should be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution Art. IX § 2 and Va. Code § 56-35, the agreement is hereby approved pursuant to § 252(e) of the Act.

(2) Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(3) Pursuant to § 252(h) of the Act, a copy of this agreement shall be kept on file with the Commission's Division of Communications for inspection by the public.

(4) This case shall remain open to receive any amendments to the interconnection agreement.

CASE NO. PUC970049
JULY 23, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
PRIMECO PERSONAL COMMUNICATIONS, L.P.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On April 29, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and Primeco Personal Communications, L.P. ("Primeco") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated April 16, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See VA Const. Art. IX, § 2 and Va. Code § 56-35. This authority has been reaffirmed by the enactment of Va. Code §§ 56-235.5.B and -265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive telecommunications providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, Primeco, BA-VA and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA and Primeco indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059 ("procedural rules"). Comments were to be filed on May 20, 1997. AT&T Communications of Virginia, Inc. ("AT&T") filed comments expressing concerns about the Agreement.

One concern raised by AT&T in its comments was the implicit assumption that the Agreement complied with the checklist requirements of § 271 of the Act, 47 U.S.C. § 271 ("§ 271 checklist"). A review for compliance with the § 271 checklist is neither required nor appropriate at this time. Therefore, the Commission has not reviewed the terms of the Agreement for compliance with § 271 of the Act, does not pass judgment on whether the Agreement meets the requirements of the § 271 checklist, and attaches no weight to the statement of the parties that their agreement meets the § 271 checklist.

AT&T is also concerned that the Agreement not be viewed as precedent for other negotiated or arbitrated interconnection agreements to be submitted or for any statement of generally available terms that BA-VA might submit.

No one filed comments asserting that this Agreement was inconsistent with the public interest, convenience and necessity, or that it was discriminatory to other carriers.

The Commission finds that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. This approval should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only on BA-VA and Primeco.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies, as authorized by VA Const. Art. IX, § 2 and Va. Code § 56-35, the interconnection agreement submitted by BA-VA and Primeco is hereby approved as complying with § 252(e) of the Act.

(2) This matter is continued generally.

CASE NO. PUC970050
AUGUST 4, 1997

APPLICATION OF
STICKDOG TELECOM, INC.

For certificates of public convenience and necessity to provide local exchange telecommunications services

FINAL ORDER

On May 2, 1997, Stickdog Telecom, Inc.("Stickdog" or "Applicant") filed an application for certificates of public convenience and necessity to provide local and interexchange telecommunications services in areas of Northern Virginia.[1]

By letter dated June 13, 1997, Stickdog amended its application to provide only non-facilities based resale service and withdrew its request for certification as an interexchange carrier.

---

[1] Arlington, Fairfax, Loudon, Prince William Counties, the municipalities therein, and the Cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park.

By order dated June 18, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to Stickdog's application for a certificate to provide local exchange service. On July 21, 1997, the Staff filed its report finding that Stickdog's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, and the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035, except that the financial statements submitted by Stickdog were unaudited. Staff indicated it would not oppose a waiver of Rule 2(e)(1) to permit the application to be considered. Based upon its review of Stickdog's application and unaudited financial statements, the Staff determined it would be appropriate to grant a local exchange certificate to Stickdog subject to the limitations requested by the Applicant on June 13, 1997. Staff further recommended that any customer deposits collected by the Company be held in third party escrow. This requirement is consistent with the Commission's Final Order in Case No. PUC970004 in which an applicant did not submit audited financial statements with its application.

A hearing was conducted on July 29, 1997. Stickdog filed proof of publication and proof of service as required by the June 18, 1997 scheduling order. At the hearing, the application and accompanying attachments, and the Staff Report were entered into the record without objection.

Having considered the application and the Staff Report, the Commission finds that Local Rule 2(e)(1) should be waived and that Stickdog's application, subject to the limitations set out herein, should be granted.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Stickdog Telecommunications of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-383, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(2) Stickdog shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) Should Stickdog collect customer deposits, it shall establish and maintain an escrow account, held by a third party, to hold such funds, and shall notify the Commission Staff of the escrow arrangement. Any escrow arrangement established pursuant to this order shall be maintained for such time as the Staff or Commission determines necessary.

(4) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.

CASE NO. PUC970051
JULY 24, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
AMERICAN PCS COMMUNICATIONS, L.L.C., d/b/a APC

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On May 7, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and American PCS Communications, L.L.C. d/b/a APC ("American") filed their interconnection agreement ("Agreement") dated April 14, 1997, for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See VA Const. Art. IX, § 2 and Va. Code § 56-35. This authority has been reaffirmed by the enactment of Va. Code §§ 56-235.5.B and -265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive telecommunications providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, American, BA-VA and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA and American indicated that a copy of the cover letter and application filed in this matter were served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, adopted in Case No. PUC960059 ("procedural rules"). Comments were to be filed on May 28, 1997. AT&T Communications of Virginia, Inc. ("AT&T") filed comments expressing concerns about the Agreement.

One concern raised by AT&T in its comments was the implicit assumption that the Agreement complied with the checklist requirements of § 271 of the Act, 47 U.S.C. § 271 ("§ 271 checklist"). A review for compliance with the § 271 checklist is neither required nor appropriate at this time. Therefore, the Commission has not reviewed the terms of the Agreement for compliance with § 271 of the Act, does not pass judgment on whether the Agreement meets the requirements of the § 271 checklist, and attaches no weight to the statement of the parties that their agreement meets the § 271 checklist.

AT&T is also concerned that the Agreement not be viewed as precedent for other negotiated or arbitrated interconnection agreements to be submitted or for any statement of generally available terms that BA-VA might submit.

No one filed comments asserting that this Agreement was inconsistent with the public interest, convenience and necessity, or that it was discriminatory to other carriers.

The Commission therefore finds that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. This approval should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only on BA-VA and American.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies, as authorized by VA Const. Art. IX, § 2 and Va. Code § 56-35, the interconnection agreement submitted by BA-VA and American is hereby approved as complying with § 252(e) of the Act. Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This matter is continued generally.

CASE NO. PUC970052
JULY 23, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
COMMONWEALTH LONG DISTANCE COMPANY

ORDER APPROVING AGREEMENT

On April 24, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and Commonwealth Long Distance Company ("CLD") filed an Addendum ("Resale Addendum") to their interconnection agreement which had been approved by the Commission on March 24, 1997, in Case No. PUC960162. Since Case No. PUC960162 was closed, a new case number was assigned for the Resale Addendum. BA-VA and CLD requested that the Commission approve the Resale Addendum under § 252(e) of the Telecommunications Act of 1996 ("the Act").

The Resale Addendum was executed by BA-VA and C-TEC Services, Inc. ("C-TEC") on behalf of its affiliates CLD and Residential Communications Network, Inc. ("RCN"). RCN has applied for a certificate of public convenience and necessity to provide local exchange and interexchange telecommunications service in Virginia. We presume that RCN will operate under this Resale Addendum and the original interconnection agreement approved in PUC960162 when, and if, RCN receives its certificate to operate in Virginia.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX § 2 and Code of Va. § 56-35. This authority has been reaffirmed by the enactment of § 56-235.5(B) and § 56-265.4:4(C)(1). Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, C-TEC through RCN, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA certified that a notice of filing was served in accordance with Section B(1) of the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996 as adopted in Case No. PUC960059 ("procedural rules"). According to the procedural rules, comments were to be filed within 21 days of the filing of the agreement. No comments were filed.

Under § 252(e)(2)(A) of the Act, the Commission may only reject an interconnection agreement adopted by negotiation if it finds that (1) the agreement discriminates against another telecommunications carrier; or (2) the implementation of the agreement is not consistent with the public interest, convenience and necessity. No one commented that the implementation of the agreement was discriminatory or inconsistent with the public interest, convenience and necessity.

We have one area of concern with the Resale Addendum. Section 18.2 under the heading of "Responsibility for Charges" appears to obligate C-TEC to pay for services provided by parties other than BA-VA such as providers of "intraLATA and interLATA toll calls, 1+ calls, 10XXX calls, 101XXXX calls, 900, 888, 800, 700, 555, 500 and N11 number calls, Audiotex Service, Dial-It, 976, 915, and 556 calls, "pay-per-call" services, Operator Services calls, and calling card, collect, and bill-to-third-number calls. . . " regardless of whether C-TEC is paid for those charges by its customers. This agreement between C-TEC and BA-VA does not affect the rights of end users to dispute such charges and does not excuse either company from complying with the Commission's billing and collection rules.

Despite this concern, we find that the Resale Addendum should be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution Art. IX § 2 and Va. Code § 56-35, the Resale Addendum is hereby approved pursuant to § 252(e) of the Act.

(2) Any future negotiations which result in a different or new arrangement for interconnection services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(3) Pursuant to § 252(h) of the Act, a copy of this Resale Addendum shall be kept on file with the commission's Division of Communications for inspection by the public.

(4) This case shall remain open to receive any amendments to the Resale Addendum or the original interconnection agreement between the parties.

CASE NO. PUC970053
JUNE 19, 1997

PETITION OF
CFW TELEPHONE, INC.

For adjustment of rates pursuant to Small Investor-Owned Telephone Utility Act, Virginia Code §§ 56-531, et seq.

ORDER ON MOTION FOR DETERMINATION

On May 1, 1997, CFW Telephone Inc. ("CFW Telephone" or "Company") filed a Motion for Determination of Applicability of Small Investor-Owned Telephone Utility Act ("Motion for Determination"). The Company's Motion for Determination was filed in response to a letter, dated March 20, 1997, from William Irby, Manager of Rates and Costs in the Commission's Division of Communications, to the Company, requesting "a full legal analysis demonstrating how CFW Telephone meets" the requirements of the Small Investor-Owned Telephone Utility Act, Va. Code § 56-531 (the "Act"). The Commission's Staff filed a response to the Motion for Determination on May 16, 1997.

The Act defines "small investor-owned telephone utility" as any investor-owned public utility (not a cooperative):

> (i) having a gross annual operating revenue which does not exceed ten million dollars or (ii) having a gross annual operating revenue greater than ten million dollars and less than thirty million dollars and not a subsidiary of an interstate utility holding company. . .."[1]

An "interstate utility holding company" is defined as any company that owns, controls or holds "at least two public utilities which offer public utility service in different states."[2]

The Company states that its gross annual operating revenues for 1996 were $28.3 million. This is the most current revenue figure available in the record. The Company is, of course, very near the jurisdictional limit for inclusion within the definition "small investor-owned telephone utility." The Commission expects that the 1997 annual operating revenues for CFW Telephone will likely take it outside the provisions of this statute, but on the record before us the Company continues to be qualified to operate under the Act on the basis of its gross operating revenues.

The remaining question is whether CFW Telephone is, or is not, "a subsidiary of an interstate utility holding company. . .." CFW Telephone is a subsidiary of CFW Communications Company. The question is whether CFW Communications Company is a utility holding company within the definition contained in the Act, i.e., does CFW Communications Company own or control "at least two public utilities which offer public utility service in different states." CFW Telephone is, of course, a public utility operating in Virginia. If any of CFW Communications Company's other subsidiaries are public utilities that provide "public utility service" in other states, then, by definition, CFW Communications Company is a utility holding company, and CFW Telephone may not proceed under the Act.

Although CFW Communications Company or its subsidiaries are in operation in other states, the Commission is not able to find from the record that these entities are providing "public utility services" in those states. The Commission is, therefore, of the opinion and finds that the Small Investor-Owned Telephone Utility Act is applicable to CFW Telephone at this time. As noted earlier, the Company's operating revenues place it very near the jurisdictional limit. Further, CFW Communications' status as an interstate utility holding company is subject to reconsideration should additional evidence arise that is not now before the Commission.

Accordingly, IT IS ORDERED THAT:

(1) The Small Investor-Owned Telephone Utility Act, Va. Code §§ 56-531 et seq., is applicable to CFW Telephone, Inc. at this time.

(2) There being nothing further to come before the Commission, the matter is dismissed.

---

[1] Va. Code, § 56-531.

[2] Ibid.

CASE NO. PUC970054
JULY 31, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
UNITED STATES CELLULAR CORPORATION

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On May 14, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and United States Cellular Corporation, on behalf of its subsidiaries, Virginia RSA #4, Inc., Virginia RSA #7, Inc., and Ohio State Cellular Company, Inc. (collectively, "U.S. Cellular"), filed an application requesting Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, of their interconnection agreement ("Agreement") dated April 16, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. art. IX, § 2; Code of Va. § 56-35. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, U.S. Cellular, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

In compliance with the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, counsel for BA-VA and U.S. Cellular indicate that a copy of their application was served on the interested parties named on the service list in Case No. PUC960059 and that BA-VA would provide a copy of the Agreement to any interested party upon request thereof. Comments on the Agreement were to be filed on or before June 4, 1997. No comments were received by the Commission's Document Control Center.

The Commission, upon consideration of this matter, finds that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. It should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only BA-VA and U.S. Cellular. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, art. IX, § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and U.S. Cellular is hereby approved as complying with § 252(e) of the Act. Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Act, a single copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the Agreement.

CASE NO. PUC970055
OCTOBER 9, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Falls Church-McLean exchange to its Leesburg exchange

FINAL ORDER

On June 9, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA" or "the Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of § 56-484.2 of the Code of Virginia, proposing to notify the Company's Falls Church-McLean subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Leesburg exchange. A poll of Falls Church-McLean subscribers was not required under § 56-484.2 A of the Code of Virginia because the proposed rate increase for one-party residential customers did not exceed five percent of the existing one-party residential monthly rate. By order dated June 23, 1997, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until September 2, 1997 to file comments or request a hearing on the proposal. The Commission received written comments from seven Falls Church-McLean exchange subscribers, five opposing and two supporting the application to extend local service to the Leesburg exchange.

On August 18, 1997, BA-VA filed proof of notice as required by the Commission's June 23, 1997 order.

On September 8, 1997, the Commission Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Falls Church-McLean exchange to its Leesburg exchange to be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Falls Church-McLean exchange to its Leesburg exchange shall be implemented.

(2) The Company shall implement the tariff revisions necessary for this proposed extension of local service.

(3) This matter shall be dismissed and the papers shall be placed in the Commission's file for ended causes.

CASE NO. PUC970056
OCTOBER 9, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Braddock exchange to its Leesburg exchange

FINAL ORDER

On June 9, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA" or "the Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of § 56-484.2 of the Code of Virginia, proposing to notify the Company's Braddock subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Leesburg exchange. A poll of Braddock subscribers was not required under § 56-484.2 A of the Code of Virginia because the proposed rate increase for one-party residential customers did not exceed five percent of the existing one-party residential monthly rate. By order dated June 23, 1997, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until September 2, 1997 to file comments or request a hearing on the proposal. The Commission received one written comment opposing the application to extend local service to the Leesburg exchange.

On August 18, 1997, BA-VA filed proof of notice as required by the Commission's June 23, 1997 order.

On September 8, 1997, the Commission Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Braddock exchange to its Leesburg exchange to be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Braddock exchange to its Leesburg exchange shall be implemented.

(2) The Company shall implement the tariff revisions necessary for this proposed extension of local service.

(3) This matter shall be dismissed and the papers shall be placed in the Commission's file for ended causes.

CASE NO. PUC970057
OCTOBER 9, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Fairfax-Vienna exchange to its Leesburg exchange

FINAL ORDER

On June 9, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA" or "the Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of § 56-484.2 of the Code of Virginia, proposing to notify the Company's Fairfax-Vienna subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Leesburg exchange. A poll of Fairfax-Vienna subscribers was not required under § 56-484.2 A of the Code of Virginia because the proposed rate increase for one-party residential customers did not exceed five percent of the existing one-party residential monthly rate. By order dated June 23, 1997, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until September 2, 1997 to file comments or request a hearing on the proposal. The Commission received written comments from three Fairfax-Vienna exchange subscribers, one supporting and two opposing the application to extend local service to the Leesburg exchange.

On August 18, 1997, BA-VA filed proof of notice as required by the Commission's June 23, 1997 order.

On September 8, 1997, the Commission Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Fairfax-Vienna exchange to its Leesburg exchange to be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Fairfax-Vienna exchange to its Leesburg exchange shall be implemented.

(2) The Company shall implement the tariff revisions necessary for this proposed extension of local service.

(3) This matter shall be dismissed and the papers shall be placed in the Commission's file for ended causes.

CASE NO. PUC970058
OCTOBER 9, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Alexandria-Arlington exchange to its Leesburg exchange

FINAL ORDER

On June 9, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA" or "the Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of § 56-484.2 of the Code of Virginia, proposing to notify the Company's Alexandria-Arlington subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Leesburg exchange. A poll of Alexandria-Arlington subscribers was not required under § 56-484.2 A of the Code of Virginia because the proposed rate increase for one-party residential customers did not exceed five percent of the existing one-party residential monthly rate. By order dated June 23, 1997, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until September 2, 1997 to file comments or request a hearing on the proposal. The Commission received written comments from one Alexandria-Arlington exchange subscriber opposing the application to extend local service to the Leesburg exchange.

On August 18, 1997, BA-VA filed proof of notice as required by the Commission's June 23, 1997 order.

On September 8, 1997, the Commission Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Alexandria-Arlington exchange to its Leesburg exchange to be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Alexandria-Arlington exchange to its Leesburg exchange shall be implemented.

(2) The Company shall implement the tariff revisions necessary for this proposed extension of local service.

(3) This matter shall be dismissed and the papers shall be placed in the Commission's file for ended causes.

CASE NO. PUC970059
AUGUST 14, 1997

APPLICATION OF
EXCEL TELECOMMUNICATIONS OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

ORDER PERMITTING WITHDRAWAL OF APPLICATION

On June 18, 1997, Excel Telecommunications of Virginia, Inc. ("Excel" or "Applicant") 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.

On June 18, 1997, the Commission issued its procedural order in this matter. No comments or requests for hearing were filed herein.

By Motion dated August 13, 1997, the Applicant, by counsel, requested to withdraw its application without prejudice to refiling the same at a later date.

NOW, UPON consideration of Excel's Motion, the Commission is of the opinion and finds that Excel should be permitted to withdraw its application without prejudice and that this matter should be dismissed from the Commission's docket of active proceedings.

Accordingly, IT IS ORDERED THAT:

(1) Excel's Motion to withdraw its application without prejudice shall be granted.

(2) The captioned application shall be dismissed from the Commission's docket of active proceedings.

CASE NO. PUC970060
AUGUST 5, 1997

JOINT APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
AMERICAN COMMUNICATION SERVICES OF VIRGINIA, INC.

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On June 2, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and American Communications Services of Virginia, Inc. ("ACSI") jointly filed for approval under § 252(e) of the Telecommunications Act of 1996 ("the Act") an interconnection agreement dated April 21, 1997 ("the Agreement").

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX § 2 and Code of Va. § 56-35. This authority has been reaffirmed by the enactment of § 56-235.5(B) and § 56-265.4:4(C)(1). Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, ACSI and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA certified that a notice of filing was served in accordance with Section B(1) of the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996 as adopted in Case No. PUC960059 ("procedural rules"). According to the procedural rules, comments were to be filed within 21 days of the filing of the agreement. No comments were received by the Commission's Document Control Center.

We note that BA-VA and ACSI state that the Agreement meets the Act's § 271 "checklist" for allowing BA-VA into the in-region interLATA long distance market. A review for compliance with the § 271 checklist is neither required, nor appropriate at this time. Therefore, the Commission has not reviewed the terms of the Agreement for compliance with § 271 of the Act and does not pass judgment on whether the Agreement meets the requirements of the § 271 checklist.

We also note that there is language in Section 20.1.2 of the Agreement stating that the wholesale discount rates are interim rates. The Commission's ruling on wholesale discount rates for BA-VA was a permanent rate. Nevertheless, the Commission's ruling speaks for itself and the Agreement can take effect despite this incorrect language.

Upon consideration of this matter, we find that the agreement should be approved. The Agreement, however, is only directly binding on BA-VA and ACSI and does not specifically impact parties other than those parties to the Agreement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution Art. IX § 2 and Va. Code § 56-35, the Agreement is hereby approved pursuant to § 252(e) of the Act.

(2) Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(3) Pursuant to § 252(h) of the Act, a copy of the Agreement shall be kept on file with the Commission's Division of Communications for inspection by the public.

(4) This case shall remain open to receive any amendments to the interconnection agreement.

CASE NO. PUC970061
JULY 31, 1997

APPLICATION OF
MEDIAONE TELECOMMUNICATIONS OF VIRGINIA, INC.

To amend its certificates to reflect new corporate name

FINAL ORDER

On June 2, 1997, MediaOne Telecommunications of Virginia, Inc. ("MediaOne" or "Applicant") filed a letter application with supporting documents establishing that its corporate name has been changed from CCI Telecommunications of Virginia, Inc. ("CCI"). CCI holds certificates of public convenience and necessity, No. TT-30A and No. T-371, to provide interexchange and local exchange telecommunication services, respectively, throughout the Commonwealth. Applicant seeks to amend its certificates of public convenience and necessity to reflect its new corporate name, MediaOne Telecommunications of Virginia, Inc.

The Commission is of the opinion that revised certificates of public convenience and necessity should be granted. Accordingly,

IT IS THEREFORE ORDERED:

(1) That Certificate of Public Convenience and Necessity No. TT-30A is hereby canceled and shall be reissued as amended Certificate No. TT-30B in the name of MediaOne Telecommunications of Virginia, Inc., formerly CCI Telecommunications of Virginia, Inc.;

(2) The revised Certificate No. TT-30B shall grant MediaOne authority to provide interexchange telecommunications services in accordance with § 56-265.4:4 of the Code of Virginia and the Commission's Rules Governing the Certification of Interexchange Carriers;

(3) That Certificate of Public Convenience and Necessity No. T-371 is hereby canceled and shall be reissued as amended Certificate No. T-371a in the name of MediaOne Telecommunications of Virginia, Inc., formerly CCI Telecommunications of Virginia, Inc.;

(4) The revised Certificate No. T-371a shall grant MediaOne authority to provide local exchange telecommunication services in accordance with § 56-265.4:4 of the Code of Virginia and the Commission's Rules for Local Exchange Telephone Competition; and

(5) That there being nothing further to come before the Commission, this matter is dismissed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970062
JULY 31, 1997

APPLICATION OF
MEDIAONE OF VIRGINIA

To amend its certificates to reflect new partnership name

FINAL ORDER

On June 2, 1997, MediaOne of Virginia, a Virginia partnership ("MediaOne" or Applicant") filed a letter application with supporting documents establishing that its name has been changed from Alternet of Virginia ("Alternet"). Alternet holds certificates of public convenience and necessity, No. TT-21B and No. T-372, to provide interexchange and local exchange telecommunication services, respectively, throughout the Commonwealth. Applicant seeks to amend its certificates of public convenience and necessity to reflect its new partnership name, MediaOne of Virginia.

The Commission is of the opinion that revised certificates of public convenience and necessity should be granted. Accordingly,

IT IS THEREFORE ORDERED:

(1) That Certificate of Public Convenience and Necessity No. TT-21B is hereby canceled and shall be reissued as amended Certificate No. TT-21C in the name of MediaOne of Virginia, formerly Alternet of Virginia;

(2) The revised Certificate No. TT-21C shall grant MediaOne authority to provide interexchange telecommunications services in accordance with § 56-265.4:4 of the Code of Virginia and the Commission's Rules Governing the Certification of Interexchange Carriers.

(3) That Certificate of Public Convenience and Necessity No. T-372 is hereby canceled and shall be reissued as amended Certificate No. T-372a in the name of MediaOne of Virginia, formerly Alternet of Virginia;

(4) The revised Certificate No. T-372a shall grant MediaOne authority to provide local exchange telecommunication services in accordance with § 56-265.4:4 of the Code of Virginia and the Commission's Rules for Local Exchange Telephone Competition; and

(5) That there being nothing further to come before the Commission, this matter is dismissed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970063
JUNE 30, 1997

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

Ex Parte, in re: Establishing schools and libraries discounts, pursuant to the Telecommunications Act of 1996

ORDER ADOPTING DISCOUNTS

On May 8, 1997, the Federal Communications Commission ("FCC") issued its Report and Order, FCC Order No. 97-157 ("Order"), implementing portions of the Telecommunications Act of 1996, 47 U.S.C. § 251 et seq. ("Act"), which, among other things established discounts[1] for certain telecommunications services provided to schools and libraries, and established the requirements for an institution's eligibility to receive such

[1] See, ¶ 520 of Order No. 97-157. The discount "matrix" is attached to this Order as Appendix A.

discounted services. The FCC set a cap on the amount of funding to be provided and required that this amount be distributed on a "first-come-first-served" basis. Eligible institutions will be able to apply to receive such discounts at such time as the FCC's now required "schools and libraries website" is opened and application forms are made available.[2]

On June 9, 1997, the Commission issued its Order for Notice, establishing a proceeding for consideration of adoption of the discounts for intrastate services and requiring its Division of Communications to cause to be published, in newspapers of general circulation throughout the Commonwealth, notice of the proceeding. Copies of the Order for Notice were served on all telephone companies and interexchange carriers in Virginia, a number of public officials known or reasonably believed by the Commission to be interested in the issue, including the Attorney General, the Secretary of Education, the Superintendent of Public Instruction, the State Librarian, the Executive Director of the Virginia Library Association and on media coordinators for as many of the Virginia public schools for whom the Commission had addresses readily available.

Comments on the issue of adoption of the discounts or requests for hearing to present evidence on the issue were directed to be filed on or before June 30, 1997. The Commission has received a number of comments, in nearly every case urging the adoption of the discounts. No valid requests for hearing have been received. Having considered the issue, and the public comments received thereon, the Commission is of the opinion and finds that adoption of the discounts shown in Appendix A is in the public interest. Accordingly, IT IS ORDERED that:

(1) The discounts for intrastate telecommunications services established by the FCC, in implementing portions of the Telecommunications Act of 1996, and attached hereto as Appendix A, are adopted for all purposes consistent with the Act and Order; and

(2) This matter is dismissed.

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

[2] That date was originally set for July 1, 1997, but is now not known, pending further action of the FCC.

CASE NO. PUC970064
AUGUST 5, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
CFW NETWORK, INC.

For approval of interconnection agreement under § 252 (e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On June 3, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and CFW Network, Inc. ("CFW") jointly filed for approval under § 252(e) of the Telecommunications Act of 1996 ("the Act") an interconnection agreement dated June 3, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art IX § 2 and Code of Va. § 56-35. This authority has been reaffirmed by the enactment of § 56-235.5(B) and § 56-265.4:4(C)(1). Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, CFW and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA certified that a notice of filing was served in accordance with Section B(1) of the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996 as adopted in Case No. PUC960059 ("procedural rules"). According to the procedural rules, comments were to be filed within 21 days of the filing of the agreement. No comments were filed.

Under § 252(e)(2)(A) of the Act, the Commission may only reject an interconnection agreement adopted by negotiation if it finds that (1) the agreement discriminates against another telecommunications carrier; or (2) the implementation of the agreement is not consistent with the public interest, convenience and necessity. No one commented that the implementation of the agreement was discriminatory or inconsistent with the public interest, convenience and necessity.

The parties stated in their interconnection agreement that they intended for the agreement to meet the requirements of § 271 of the Act. A review for compliance with § 271 is neither required, nor appropriate at this time. Therefore, the Commission has not reviewed the terms of the Agreement for compliance with § 271 of the Act and does not pass judgment on whether the Agreement meets the requirements of that section.

We have found one area of concern in the agreement. There is language in Section 20.1.1 stating that the wholesale discount rates are interim rates. The Commission's ruling on wholesale discount rates for BA-VA established permanent discount percentages. Nevertheless, the Commission's ruling speaks for itself and the agreement can take effect despite this incorrect language.

Regardless of the above concern, we find that the agreement should be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution Art. IX § 2 and Va. Code § 56-35, the agreement is hereby approved pursuant to § 252(e) of the Act.

(2) Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(3) Pursuant to § 252(h) of the Act, a copy of this agreement shall be kept on file with the Commission's Division of Communications for inspection by the public.

(4) This case shall remain open to receive any amendments to the interconnection agreement.

CASE NO. PUC970066
AUGUST 5, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
R&B NETWORK, INC.

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On June 4, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and R&B Network, Inc. ("R&B") jointly filed for approval under § 252(e) of the Telecommunications Act of 1996 ("the Act") an interconnection agreement dated May 1, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art IX § 2 and Code of Va. § 56-35. This authority has been reaffirmed by the enactment of § 56-235.5(B) and § 56-265.4:4(C)(1). Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, R&B and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA certified that a notice of filing was served in accordance with Section B(1) of the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996 as adopted in Case No. PUC960059 ("procedural rules"). According to the procedural rules, comments were to be filed within 21 days of the filing of the agreement. No comments were filed.

Under § 252(e)(2)(A) of the Act, the Commission may only reject an interconnection agreement adopted by negotiation if it finds that (1) the agreement discriminates against another telecommunications carrier; or (2) the implementation of the agreement is not consistent with the public interest, convenience and necessity. No one commented that the implementation of the agreement was discriminatory or inconsistent with the public interest, convenience and necessity.

The parties stated in their interconnection agreement that they intended for the agreement to meet the requirements of § 271 of the Act. A review for compliance with § 271 is neither required, nor appropriate at this time. Therefore, the Commission has not reviewed the terms of the Agreement for compliance with § 271 of the Act and does not pass judgment on whether the Agreement meets the requirements of that section.

We have found one area of concern in the agreement. There is language in Section 20.1.1 stating that the wholesale discount rates are interim rates. The Commission's ruling on wholesale discount rates for BA-VA established permanent discount percentages. Nevertheless, the Commission's ruling speaks for itself and the agreement can take effect despite this incorrect language.

Regardless of the above concern, we find that the agreement should be approved. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution Art. IX § 2 And Va. Code § 56-35, the agreement is hereby approved pursuant to § 252(e) of the Act.

(2) Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act shall be submitted to the Commission for approval under § 252(e) of the Act.

(3) Pursuant to § 252(h) of the Act, a copy of this agreement shall be kept on file with the Commission's Division of Communications for inspection by the public.

(4) This case shall remain open to receive any amendments to the interconnection agreement.

CASE NO. PUC970069
OCTOBER 24, 1997

PETITION OF
COX VIRGINIA TELCOM, INC.

For enforcement of interconnection agreement with Bell Atlantic-Virginia, Inc. and arbitration award for reciprocal compensation for the termination of local calls to Internet service providers

FINAL ORDER

On June 13, 1997, Cox Virginia Telcom, Inc. ("Cox") filed a petition for enforcement of its interconnection agreement with Bell Atlantic-Virginia, Inc. ("BA-VA") and for an arbitration award for reciprocal compensation for the termination of local calls to Internet service providers. Cox requested that the Commission enter an order declaring that local calls to Internet service providers ("ISPs") constitute local traffic under the terms of its agreement and that Cox and BA-VA are entitled to reciprocal compensation for the completion of this type of call.

By Order of August 14, 1997, the Commission directed that a response from BA-VA be filed on or before August 29, 1997, and that a reply be filed by Cox on or before September 15, 1997. Interested parties were also allowed to submit comments by September 15, 1997. In addition to Cox, replies were filed by TCG Virginia, Inc., Hyperion Telecommunications of Virginia, Inc., AT&T Communications of Virginia, Inc., CFW Network, Inc., R&B Network, Inc., MCImetro Access Transmission Services of Virginia, Inc., MFS Intelenet of Virginia, Inc., WinStar Wireless of Virginia, Inc., and Sprint Communications L.P.

Having considered the response of BA-VA and the replies, the Commission finds that calls to ISPs as described in the Cox petition constitute local traffic under the terms of the agreement between Cox and BA-VA and that the companies are entitled to reciprocal compensation for the termination of this type of call.

Calls that are placed to a local ISP are dialed by using the traditional local-service, seven-digit dialing sequence. Local service provides the termination of such calls at the ISP, and any transmission beyond that point presents a new consideration of service(s) involved. The presence of CLECs does not alter the nature of this traffic.

Accordingly, IT IS THEREFORE ORDERED that:

(1) The Cox petition is granted.

(2) The termination of local calls to ISPs are subject to the compensation terms of Cox and BA-VA's interconnection agreement.

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

CASE NO. PUC970070
SEPTEMBER 3, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
VIRGINIA CELLULAR, INC.

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On June 17, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and Virginia Cellular, Inc. ("Virginia Cellular") filed an application requesting Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, of their interconnection agreement ("Agreement") dated June 6, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. art. IX, § 2; § 56-35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5 B and § 56-265.4:4 C 1 of the Code of Virginia. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, Virginia Cellular, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

In compliance with the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, counsel for BA-VA and Virginia Cellular indicate that a copy of their application was served on the interested parties named on the service list in Case No. PUC960059 and that BA-VA would provide a copy of the Agreement to any interested party upon request therefor. Comments on the Agreement were to be filed on or before July 9, 1997. No comments were received by the Commission's Document Control Center.

The Commission, upon consideration of this matter, finds that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. It should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only BA-VA and Virginia Cellular. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, art. IX, § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and Virginia Cellular is hereby approved as complying with § 252(e) of the Act. Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Act, a single copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the Agreement.

CASE NO. PUC970073
SEPTEMBER 17, 1997

APPLICATION OF
UNITED TELEPHONE - SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996 with 360° Communications Company

ORDER APPROVING AGREEMENT

On June 19, 1997, United Telephone - Southeast, Inc. and Central Telephone Company of Virginia ("United/Centel") filed a joint application for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996, 47 U.S.C. §§ 251 and 252, of their interconnection agreement with 360° Communications Company ("360°") dated May 12, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and § 56.35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5 B and § 56-265.4:4 C 1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, United/Centel, 360°, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for United/Centel indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed on or before July 10, 1997, and none were received.

The Commission finds that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. The Agreement does not discriminate against other carriers and conforms to § 252(i) in that it is available to other carriers. It should not, however, be viewed as Commission precedent for other agreements. The Agreement is directly binding only on United/Centel and 360°. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by United/Centel and 360° is hereby approved as complying with § 252(e) of the Act.

(2) There being nothing further to come before the Commission, this matter is dismissed and the record developed herein shall be placed in the file for ended causes.

CASE NO. PUC970074
SEPTEMBER 10, 1997

APPLICATION OF
VIC-RMST-DC, L.L.C., d/b/a OnePoint Communications

For Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Service

FINAL ORDER

On June 20, 1997, VIC-RMST-DC, L.L.C. d/b/a OnePoint Communications ("OnePoint" or "Applicant") filed an application for a certificate of public convenience and necessity ("certificate") to provide local exchange telecommunications and exchange access service throughout the Commonwealth of Virginia.

By order dated July 9, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to such application. On August 15, 1997, Staff filed its report finding that OnePoint's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as

adopted in Case No. PUC950018, except that OnePoint did not submit audited financial statements due to their unavailability. Based upon its review of OnePoint's application and the unaudited financial statements submitted for its parent, Staff determined that it would be appropriate to grant a local exchange certificate to OnePoint subject to the following conditions: (1) that OnePoint provide audited financial information to Staff no later than one year from the date of issuance of its certificate; and (2) that any deposits collected by OnePoint be retained in unaffiliated third party escrow account.

A hearing was conducted on September 3, 1997. OnePoint filed proof of publication as required by the July 9, 1997 order. At the hearing, the application, OnePoint's exhibits and Staff's report were entered into the record without objection.

Having considered the application and Staff's report, the Commission finds that OnePoint's application should be granted subject to the conditions referenced above. Although we will require OnePoint to retain customer deposits in unaffiliated third party escrow account, this requirement should not be interpreted to prevent the Applicant's normal access to deposits from delinquent terminated accounts. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) VIC-RMST-DC, L.L.C. d/b/a OnePoint Communications is hereby granted a certificate of public convenience and necessity, No. T-386 to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265 4:4 of the Code of Virginia, and the provisions of this order.

(2) OnePoint shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) OnePoint shall provide to the Commission's Division of Economics and Finance audited, year-end 1997 financial statements, on or before September 10, 1998.

(4) Should OnePoint collect customer deposits, it shall establish and maintain an escrow account, held by an unaffiliated third party, for such funds, and shall notify the Commission Staff of the escrow arrangement. Any escrow arrangement established pursuant to this order shall be maintained for such time as the Staff or Commission determines necessary.

(5) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.

CASE NO. PUC970074
SEPTEMBER 23, 1997

APPLICATION OF
VIC-RMTS-DC, L.L.C., d/b/a OnePoint Communications

For a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Service

CORRECTING ORDER

In an Order entered on September 10, 1997, the Commission, among other things, granted VIC-RMTS-DC, L.L.C. d/b/a OnePoint Communications ("OnePoint" or "Applicant") a certificate of public convenience and necessity (Certificate No. T-386) to provide local exchange telecommunications service throughout the Commonwealth of Virginia. The above referenced Order incorrectly referenced the Applicant as VIC-RMST-DC, L.L.C. d/b/a OnePoint Communications rather than VIC-RMTS-DC, L.L.C. d/b/a OnePoint Communications.

In consideration of the above referenced matter, we will correct our Order of September 10, 1997, to reflect the proper name of the Applicant. Accordingly,

IT IS ORDERED THAT:

(1) All references to VIC-RMST-DC, L.L.C. d/b/a OnePoint Communications in our Order of September 10, 1997 be, and hereby are, changed to reflect the correct name of the Applicant as VIC-RMTS-DC, L.L.C. d/b/a OnePoint Communications.

(2) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.

CASE NO. PUC970075
SEPTEMBER 23, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
GTE SOUTH INCORPORATED

For consideration of Class A interconnection agreements that predate February 8, 1996

ORDER OF DISMISSAL

On June 30, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and GTE South Incorporated ("GTE") filed copies of their interconnection agreements which had been negotiated with one another before February 8, 1996. Such interconnection agreements between Class A local exchange

carriers ("LECs") were filed pursuant to the provisions of 47 C.F.R. § 51.303(b) of the Federal Communications Commission's rules. On July 18, 1997, 47 C.F.R. § 51.303(b) was vacated by the Eighth Circuit Court of Appeals. See, Iowa Utilities Board v. FCC, No. 96-3321, 1997 WL 403401 (Eighth Circuit July 18, 1997).

Since this filing was made to comply with a federal regulation that has since been vacated, the Commission finds this case should be dismissed. The Commission has not to date required such agreements between incumbent local exchange carriers signed prior to February 8, 1996, to be filed pursuant to § 252(e) of the Telecommunications Act of 1996, 47. U.S.C. § 252(e). The dismissal of this case should not be interpreted to mean that the Commission may not subsequently require the filing of such agreements pursuant to its authority under the Act or under state law.

Accordingly, IT IS THEREFORE ORDERED THAT this case is dismissed and the papers accumulated herein shall be placed in the file for ended causes.

CASE NO. PUC970108
SEPTEMBER 23, 1997

APPLICATION OF
GTE SOUTH, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA,
UNITED TELEPHONE-SOUTHEAST, INC.,
AND CAROLINA TELEPHONE & TELEGRAPH CO. ("SPRINT COMPANIES")

DISMISSAL ORDER

On June 30, 1997, and July 1, 1997, GTE South, Inc. ("GTE") and Central Telephone Company of Virginia, United Telephone-Southeast, Inc., and Carolina Telephone & Telegraph Company ("Sprint Companies") filed copies of their interconnection agreements which had been negotiated with one another before February 8, 1996. Such interconnection agreements between Class A local exchange carriers ("LECs") were filed pursuant to the provisions of 47 C.F.R. § 51.303(b) of the Federal Communications Commission's Rules. On July 18, 1997, 47 C.F.R. § 51.303(b) was vacated by the 8th Circuit Court of Appeals. See Iowa Utilities Board v. F.C.C. No. 96-3321, 1997 WL 403401 (8th Circuit July 18, 1997).

Since this filing was made to comply with a federal regulation that has since been vacated, the Commission finds this case should be dismissed. The Commission has not to date required such agreements between, local exchange carriers signed prior to February 8, 1996, to be filed pursuant to § 252(e) of the Telecommunications Act of 1996, 47 U.S.C. § 252(e). The dismissal of this case should not be interpreted to mean that the Commission may not subsequently require the filing of such agreements pursuant to its authority under the Act or under state law.

ACCORDINGLY, IT IS THEREFORE ORDERED THAT: This case is dismissed and the papers accumulated herein should be placed in the file for future causes.

CASE NO. PUC970109
SEPTEMBER 23, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
BELL SOUTH TELECOMMUNICATIONS, INC.

For consideration of Class A interconnection agreements that predate February 8, 1996

ORDER OF DISMISSAL

On June 30, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and Bell South Telecommunications, Inc.("Bell South") filed copies of their interconnection agreements which had been negotiated with one another before February 8, 1996. Such interconnection agreements between Class A local exchange carriers ("LECs") were filed pursuant to the provisions of 47 C.F.R. § 51.303(b) of the Federal Communications Commission's rules. On July 18, 1997, 47 C.F.R. § 51.303(b) was vacated by the Eighth Circuit Court of Appeals. See, Iowa Utilities Board v. FCC, No. 96-3321, 1997 WL 403401 (Eighth Circuit July 18, 1997).

Since this filing was made to comply with a federal regulation that has since been vacated, the Commission finds this case should be dismissed. The Commission has not to date required such agreements between incumbent local exchange carriers signed prior to February 8, 1996, to be filed pursuant to § 252(e) of the Telecommunications Act of 1996, 47. U.S.C. § 252(e). The dismissal of this case should not be interpreted to mean that the Commission may not subsequently require the filing of such agreements pursuant to its authority under the Act or under state law.

Accordingly, IT IS THEREFORE ORDERED THAT this case is dismissed and the papers accumulated herein shall be placed in the file for ended causes.

CASE NO. PUC970110
SEPTEMBER 23, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND UNITED TELEPHONE COMPANY-SOUTHEAST, INC.

For consideration of Class A interconnection agreements that predate February 8, 1996

ORDER OF DISMISSAL

On June 30, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and Central Telephone Company of Virginia and United Telephone-Southeast, Inc. ("Centel/United") filed copies of their interconnection agreements which had been negotiated with one another before February 8, 1996. Such interconnection agreements between Class A local exchange carriers ("LECs") were filed pursuant to the provisions of 47 C.F.R. § 51.303(b) of the Federal Communications Commission's rules. On July 18, 1997, 47 C.F.R. § 51.303(b) was vacated by the Eighth Circuit Court of Appeals. See, Iowa Utilities Board v. FCC, No. 96-3321, 1997 WL 403401 (Eighth Circuit July 18, 1997).

Since this filing was made to comply with a federal regulation that has since been vacated, the Commission finds this case should be dismissed. The Commission has not to date required such agreements between incumbent local exchange carriers signed prior to February 8, 1996, to be filed pursuant to § 252(e) of the Telecommunications Act of 1996, 47. U.S.C. § 252(e). The dismissal of this case should not be interpreted to mean that the Commission may not subsequently require the filing of such agreements pursuant to its authority under the Act or under state law.

Accordingly, IT IS THEREFORE ORDERED THAT this case is dismissed and the papers accumulated herein shall be placed in the file for ended causes.

CASE NO. PUC970111
OCTOBER 9, 1997

APPLICATION OF
BUSINESS TELECOM OF VIRGINIA, INC.

For certificate of public convenience and necessity to provide local exchange telecommunications services

FINAL ORDER

On July 15, 1997, Business Telecom of Virginia, Inc. ("BTI" or "Applicant") filed an application for a certificate of public convenience and necessity to provide local exchange telecommunication services throughout the Commonwealth.

By order dated August 19, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to BTI's application for a certificate to provide local exchange service. On September 25, 1997, the Staff filed its report finding that BTI's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018 and therefore the Staff recommended granting the Applicant the requested certificate.

A hearing was conducted on October 2, 1997. BTI filed proof of publication and proof of service as required by the August 19, 1997 scheduling order. At the hearing, all pertinent documents were entered into the record without objection.

Having considered the application and the Staff Report, the Commission finds that BTI's application should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Business Telecom of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-389, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(2) BTI shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.

CASE NO. PUC970112
DECEMBER 10, 1997

APPLICATION OF
TELEPHONE COMPANY OF CENTRAL FLORIDA

For a certificate of public convenience and necessity to provide local exchange telecommunications service

FINAL ORDER

On July 17, 1997 Telephone Company of Central Florida, Inc. ("TCCF" or "the Applicant") filed an application for a certificate of public convenience and necessity to provide local exchange telecommunications services in Virginia. The application was amended on October 9, 1997, to clarify the identity of the applicant.

By order dated October 21, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to TCCF's application.

On November 24, 1997, the Staff filed its report finding that TCCF's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018. The Report recommended that the Applicant be required to maintain third-party escrow of any collected customer deposits, due to its abbreviated financial history. With this caveat, the Staff recommended granting a local exchange certificate to TCCF.

A hearing was conducted on December 4, 1997. TCCF filed proof of publication and proof of service as required by the October 21, 1997 scheduling order. At the hearing, the application, with accompanying exhibits, Applicant's testimony, and the Staff Report were entered into the record without objection.

Having considered the application and the Staff Report, the Commission finds that such application should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Telephone Company of Central Florida, Inc. is hereby granted a certificate of public convenience and necessity, No. T-398, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order, including the third-party escrow of customer deposits collected.

(2) TCCF shall provide tariffs to the Division of Communications that conform with all applicable Commission rules and regulations.

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.

CASE NO. PUC970114
AUGUST 6, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service between its Waverly exchange and the Dendron and Wakefield exchanges of GTE South, Inc.

FINAL ORDER

Bell Atlantic-Virginia, Inc. ("BA-VA") and GTE South, Inc. ("GTE") have advised the Commission that customers in BA-VA's Waverly exchange and customers in GTE's Wakefield and Dendron exchanges voted in favor of extended local service between the Waverly - Wakefield exchanges, and between the Waverly - Dendron exchanges.

Because a majority of the subscribers in the three affected exchanges are in favor of the proposed extension of local service, § 56-484.2B of the Code of Virginia requires that the extension be ordered. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Waverly exchange to the Wakefield and Dendron exchanges of GTE shall be implemented in a manner suitable to the two companies.

(2) BA-VA and GTE shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970116
OCTOBER 16, 1997

APPLICATION OF
GTE SOUTH, INC.

To implement extended local service from its Dulles exchange to Bell Atlantic-Virginia, Inc.'s Leesburg exchange

FINAL ORDER

On July 22, 1997, GTE South, Inc. ("GTE" or "the Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of § 56-484.2 of the Code of Virginia. GTE proposed to notify its Dulles exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Leesburg exchange of Bell Atlantic-Virginia, Inc. ("BA-VA"). Customers in the Leesburg exchange had previously petitioned the Commission for local calling to Dulles. In a poll conducted in response to the petition, the majority of Leesburg customers responding to the poll supported paying higher rates for local calling to Dulles. A poll of Dulles subscribers in response to this application was not required under § 56-484.2(A) of the Code of Virginia because the proposed rate increase does not exceed 5% of the existing monthly one-party residential rate.

By order dated August 6, 1997, the Commission directed GTE to publish notice of the proposed increase. Affected telephone customers were given until September 25, 1997, to file comments or request a hearing on the proposal. No comments or requests for hearing were received. On September 20, 1997, GTE filed proof of notice as required by the Commission's August 6, 1997 order.

On October 8, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff recommended that GTE's application to implement extended local service from its Dulles exchange into BA-VA's Leesburg exchange be approved.

Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from GTE's Dulles exchange to BA-VA's Leesburg exchange shall be implemented in a manner suitable to the two companies.

(2) The two companies shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970120
NOVEMBER 14, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Toano exchange to its West Point exchange

FINAL ORDER

On July 31, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA" or the "Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. BA-VA proposed to notify its Toano exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the West Point exchange. Customers in the West Point exchange had previously petitioned the Commission for local calling to Toano. In a poll in response to the petition, a majority of the West Point customers responding supported paying higher rates for local calling to Toano. A poll of Toano subscribers in response to this application was not required under § 56-484.2(A) of the Code of Virginia because the proposed rate increase does not exceed 5% of the existing monthly one-party residential rate.

By order dated August 25, 1997, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until October 22, 1997, to file comments or request a hearing on the proposal. No comments or requests for hearing were filed. On October 20, 1997, BA-VA filed proof of notice as required by the Commission's August 25, 1997 order.

On November 7, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Toano exchange to its West Point exchange be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Toano exchange to its West Point exchange shall be implemented.

(2) The Company shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970121
NOVEMBER 14, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Pennington Gap exchange to its Lee exchange

FINAL ORDER

On July 31, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA" or the "Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. BA-VA proposed to notify its Pennington Gap exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Lee exchange. Customers in the Lee exchange had previously petitioned the Commission for local calling to Pennington Gap. In a poll in response to the petition, a majority of the Lee customers responding supported paying higher rates for local calling to Pennington Gap. A poll of Pennington Gap subscribers in response to this application was not required under § 56-484.2(A) of the Code of Virginia because the proposed rate increases exceed 5% of the existing monthly one-party residential rate solely due to rate regrouping.

By order dated August 25, 1997, the Commission directed BA-VA to publish notice of the proposed increase.[1] Affected telephone customers were given until October 22, 1997, to file comments or request a hearing on the proposal. No comments or requests for hearing were filed. On October 20, 1997, BA-VA filed proof of notice as required by the Commission's August 25, 1997 order.

On November 7, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Pennington Gap exchange to its Lee exchange be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Pennington Gap exchange to its Lee exchange shall be implemented.

(2) The Company shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

---

[1] The Commission's order contained an erroneous price increase of $0.02 for residential exchange only service. The correct price increase of $0.62 appeared in the notices published by BA-VA.

CASE NO. PUC970122
NOVEMBER 14, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Jonesville exchange to its Cumberland Gap exchange

FINAL ORDER

On July 31, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA" or the "Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. BA-VA proposed to notify its Jonesville exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Cumberland Gap exchange. Customers in the Cumberland Gap exchange had previously petitioned the Commission for local calling to Jonesville. In a poll in response to the petition, a majority of the Cumberland Gap customers responding supported paying higher rates for local calling to Jonesville. A poll of Jonesville subscribers in response to this application was not required under § 56-484.2(A) of the Code of Virginia because the proposed rate increase does not exceed 5% of the existing monthly one-party residential rate.

By order dated August 25, 1997, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until October 22, 1997, to file comments or request a hearing on the proposal. No comments or requests for hearing were filed. On October 20, 1997, BA-VA filed proof of notice as required by the Commission's August 25, 1997 order.

On November 7, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Jonesville exchange to its Cumberland Gap exchange be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Jonesville exchange to its Cumberland Gap exchange shall be implemented.

(2) The Company shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970123
NOVEMBER 14, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Williamsburg exchange to its West Point exchange

FINAL ORDER

On July 31, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA" or the "Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. BA-VA proposed to notify its Williamsburg exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the West Point exchange. Customers in the West Point exchange had previously petitioned the Commission for local calling to Williamsburg. In a poll in response to the petition, a majority of the West Point customers responding supported paying higher rates for local calling to Williamsburg. A poll of Williamsburg subscribers in response to this application was not required under § 56-484.2(A) of the Code of Virginia because the proposed rate increase does not exceed 5% of the existing monthly one-party residential rate.

By order dated August 25, 1997, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until October 22, 1997, to file comments or request a hearing on the proposal. No comments or requests for hearing were filed. On October 20, 1997, BA-VA filed proof of notice as required by the Commission's August 25, 1997 order.

On November 7, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Williamsburg exchange to its West Point exchange be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Williamsburg exchange to its West Point exchange shall be implemented.

(2) The Company shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970124
OCTOBER 28, 1997

APPLICATION OF
TELIGENT OF VIRGINIA, INC.

For Certificates of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services

FINAL ORDER

On August 1, 1997, Teligent of Virginia, Inc. ("Teligent" or "Applicant") filed an application for certificates of public convenience and necessity ("certificates") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia.

By order dated August 18, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to such application. On October 3, 1997, Staff filed its report finding that Teligent's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, and the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035. Based upon its review of Teligent's application and audited financial statements provided at Staff's request, Staff determined that it was appropriate to grant a local exchange certificate and an interexchange certificate to Teligent.

A hearing was conducted on October 23, 1997. Teligent filed proof of publication and proof of service as required by the Commission's August 18, 1997 Order. At the hearing, the application and accompanying exhibits and Staff's report were entered into the record without objection.

Having considered the application and Staff's report the Commission finds that Teligent's application should be granted. Having considered § 56-481.1 of the Code of Virginia, the Commission also finds that Teligent may price its interexchange services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Teligent of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. TT-40-A, to provide interexchange service subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Teligent of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-392, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Teligent shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(4) Pursuant to § 56-481.1 of the Code of Virginia, Teligent may price its interexchange service competitively.

(5) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the filed for ended causes.

CASE NO. PUC970127
NOVEMBER 21, 1997

APPLICATION OF
DYNAMIC TELCO SERVICES OF VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services in Virginia

FINAL ORDER

On August 29, 1997, Dynamic Telco Services of Virginia, Inc. ("Dynamic" or "Applicant") filed a completed application with the Commission requesting authority to provide local exchange and interexchange telecommunications services throughout Virginia.

By order dated September 15, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to Dynamic's application.

On October 28, 1997, the Staff filed its report finding that Dynamic's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018, and the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035. Accordingly, the Staff recommended granting a local exchange certificate and an interexchange certificate to Dynamic.

A hearing was conducted on November 19, 1997. Dynamic filed proof of publication and proof of service as required by the September 15, 1997 scheduling order. At the hearing, the application, the amendment completing the application, and the Staff's Report were entered into the record without objection.

Having considered the application and the Staff's Report, the Commission finds that such application should be granted. Having considered § 56-481.1, the Commission also finds that Dynamic may price its interexchange services competitively. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Dynamic Telco Services of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. TT-41A, to provide interexchange services subject to restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, § 56-265.4:4 of the Code of Virginia, and provisions of this Order.

(2) Dynamic Telco Services of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-393, to provide local exchange telecommunications services subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Dynamic shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(4) Pursuant to § 56-481.1 of the Code of Virginia, Dynamic may price its interexchange services competitively.

(5) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.

CASE NO. PUC970129
NOVEMBER 6, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
VIC-RMTS-DC, LLC, d/b/a ONEPOINT COMMUNICATIONS, LLC

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On August 8, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and VIC-RMTS-DC, LLC, d/b/a OnePoint Communications, LLC, ("OnePoint") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated May 28, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and § 56.35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, OnePoint, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA and OnePoint indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed on or before August 29, 1997 and none were received.

Pursuant to the provisions of § 252(e)(2)(A) of the Act, the Commission may reject the proposed Agreement only if it is found to be inconsistent with the public interest, convenience and necessity or if it is found discriminatory to other carriers. Since there is no indication that the agreement violates any of those standards, the Commission finds that the Agreement should be approved. It should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only upon BA-VA and OnePoint.

We have one area of concern with the Agreement. Section 27.2 under the heading of "Responsibility for Charges" appears to obligate OnePoint to pay for services provided by parties other than BA-VA such as providers of "intraLATA and interLATA toll calls, 1+ calls, 10XXX calls, 101XXXX calls, 900, 888, 800, 700, 555, 500 and N11 number calls, Audiotex Service, Dial-It, 976, 915, and 556 calls, "pay-per-call" services, Operator Services calls, Directory Assistance calls, and calling card, collect, and bill-to-third-number calls. . . " regardless of whether OnePoint is paid for those charges by its customers. This agreement between OnePoint and BA-VA does not affect the rights of end users to dispute such charges and does not excuse either company from complying with the Commission's billing and collection rules. Notwithstanding this concern, we find that the Agreement should be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authored by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and OnePoint is hereby approved as complying with § 252(e) of the Act.

(2) This matter is continued generally for the consideration of any subsequent revisions or amendments to the Agreement.

CASE NO. PUC970130
OCTOBER 28, 1997

APPLICATION OF
GTE SOUTH, INCORPORATED
and
NEXTEL COMMUNICATIONS OF THE MID-ATLANTIC, INC.

For approval of interconnection agreement pursuant to § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On August 13, 1997, GTE South, Inc. ("GTE") and Nextel Communications of the Mid-Atlantic, Inc. ("Nextel") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated August 13, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and Code of Va. § 56-35. This authority has been reaffirmed by the enactment of § 56-235.5 B and § 56- 265.4:4 C 1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, Nextel, GTE, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for GTE and Nextel indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059. No comments were filed.

The Commission is concerned that Article III, § 12.3 of the Agreement requires mandatory arbitration and that it be held in Dallas County, Texas. However, because this is a voluntary agreement entered into between Nextel and GTE, we may only reject the Agreement if it is discriminatory to other carriers or if it is contrary to the public interest. The parties' agreement to binding arbitration at a particular place violates neither of those criteria. While it is possible that the Commission might, in the future, have difficulty enforcing an arbitrator's award that is contrary to Virginia law or Commission Rules, that concern does not warrant rejection of this Agreement.

The Commission finds that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. It should not, however, be viewed as Commission precedent for other agreements. The Agreement is directly binding only GTE and Nextel. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by GTE and Nextel is hereby approved as complying with § 252(e) of the Act. Any future negotiations that result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the Agreement.

CASE NO. PUC970133
OCTOBER 28, 1997

APPLICATION OF
UNITED TELEPHONE - SOUTHEAST, INC.
and
WINSTAR WIRELESS OF VIRGINIA, INC.

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On August 20, 1997, United Telephone - Southeast, Inc. ("United") and WinStar Wireless of Virginia, Inc. ("WinStar") filed a joint application for approval of their interconnection agreement dated June 12, 1997, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX, sec. 2 and § 56-35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5 B and § 56-265.4:4 C 1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, United, WinStar, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for United advised that a copy of the agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed on September 10, 1997.

On September 8, 1997, Counsel for United filed two letters, together with a cover letter, asserting that changes to the pending interconnection agreement were necessitated by the Eighth Circuit Court of Appeals' decision on certain Federal Communications Commission regulations and should be addressed by the Commission in a generic proceeding rather than through renewed negotiations. However, United has not sought to withdraw the captioned agreement.

In a response filed on October 6, 1997, on behalf of WinStar, WinStar's representative noted that WinStar was unable to respond substantively to the suggestion in United's letters that any given item in the agreement may be subject to renegotiation. WinStar asserted that since the initial term of the agreement was only twelve months that it made little sense to discuss whether any given item in the agreement was subject to renegotiation, and urged United to proceed under the agreement.

Upon consideration of the foregoing, the Commission finds that the captioned interconnection agreement should be approved pursuant to the standards set out in § 252(e)(2)(A) of the Act. Inasmuch as this agreement was filed as a negotiated agreement, the parties thereto should abide by its terms, which contemplate that they will renegotiate in good faith if a court order conflicts with any provision of the agreement. The agreement does not discriminate against other carriers and conforms to § 252(i) of the Act in that it is available to other carriers. The approval granted herein should not, however, be viewed as Commission precedent for other agreements. The agreement is directly binding only on United and WinStar.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies, as authorized by the Va. Const., Art. IX, sec. 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by United and WinStar is hereby approved as complying with § 252(e) of the Telecommunications Act of 1996. Any future negotiations which result in a different or new arrangement for interconnection, service, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Telecommunications Act of 1996, a copy of the agreement approved herein shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This matter shall be continued generally.

CASE NO. PUC970134
OCTOBER 28, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA
and
WINSTAR WIRELESS OF VIRGINIA, INC.

For approval of an interconnection agreement under § 252 (e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On August 20, 1997, Central Telephone Company of Virginia ("Centel") and WinStar Wireless of Virginia, Inc. ("WinStar") filed a joint application for Commission approval of their interconnection agreement dated June 12, 1997, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX, sec. 2 and § 56-35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5 B and § 56-265.4:4 C 1 of the Code of Virginia. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, Centel, WinStar and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for Centel advised that a copy of the agreement was served on the modified service list in this case defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed on September 10, 1997.

On September 8, 1997, counsel for Centel filed two letters, together with a cover letter, asserting that changes to the pending interconnection agreement were necessitated by the Eighth Circuit Court of Appeals' decision on certain Federal Communications Commission regulations and should be addressed by the Commission in a generic proceeding rather than through renewed negotiations. However, Centel has not sought to withdraw the captioned agreement.

In a response filed on October 6, 1997, on behalf of WinStar, WinStar's representative noted that WinStar was unable to respond substantively to the suggestion in Centel's letter that any given item in the agreement may be subject to renegotiation. WinStar asserted that since the initial term of the agreement was only twelve months, that it made little sense to discuss whether any given item in the agreement was subject to renegotiation, and urged Centel to proceed under the agreement.

UPON consideration of the foregoing, the Commission finds that the interconnection agreement between Centel and WinStar should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. Inasmuch as this agreement was filed as a negotiated agreement and has not been withdrawn, the parties thereto should abide by its terms, which contemplate that the parties will renegotiate in good faith if a court order conflicts with any provision of the agreement. The agreement does not discriminate against other carriers and conforms to § 252(i) of the Act in that it is available to other carriers. The approval granted herein should not, however, be viewed as Commission precedent for other agreements. The agreement is directly binding on Centel and WinStar only.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies, as authorized by the Va. Const., Art. IX, sec. 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by Centel and WinStar is hereby approved as complying with § 252(e) of the Telecommunications Act of 1996. Any future negotiations that result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Telecommunications Act of 1996, a copy of the agreement approved herein shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This matter shall be continued generally.

CASE NO. PUC970135
DECEMBER 17, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte, in re: Implementation of Requirements of § 214(e) of the Telecommunications Act of 1996

ORDER GRANTING WAIVER

On November 21, 1997, the Commission entered an Order permitting local exchange carriers operating in Virginia to certify their eligibility for designation, pursuant to Section 214(e) of the Telecommunications Act of 1996, 47 U.S.C. § 251 et seq., (the "Act"), to receive universal service support and the service area for such designation. Appropriate certifications have now been filed by each local carrier seeking such designation and the Commission will accept each certification and designation.

One issue remains. Among the services each carrier must offer in order to qualify for designation is "toll limitation for qualifying low-income customers."[1] Federal regulations[2] define "toll limitation" to denote both toll blocking and toll control. A number of carriers indicated they offered toll limitation service in the form of toll blocking, but that facilities and technologies necessary for the real-time implementation of toll control were not yet available. Accordingly, several carriers requested a waiver,[3] under 47 C.F.R. § 54.101(c), of the requirement for implementation of toll control service.[4] In addition, the Virginia Telecommunications Industry Association, in a letter filed in this docket on December 15, 1997, stated that it fully supports such waiver. The Commission finds good cause has been shown for granting the requested waiver.

Accordingly, IT IS ORDERED THAT:

(1) All carriers on the attached list are designated to be eligible telecommunications carriers for service in the areas indicated.

(2) Each carrier on the attached list is granted a waiver of any requirement for implementation of toll control service for a period to be determined by the Commission or until further orders of the Commission.

(3) The matter is continued generally.

NOTE: A copy of Attachment A entitled "Virginia State Corporation Commission Eligible Telecommunications Carriers as of January 1, 1998" 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] 47 C.F.R. § 54.101 (a).

[2] 47 C.F.R. § 54.400 (4).

[3] For example, see Request for Designation as Eligible Telecommunications Carrier and Petition for Waiver of Toll Control, filed December 3, 1997, by United Telephone-Southeast, Inc.. On December 16, 1997, the TDS TELECOM Companies (Amelia Telephone Company, New Castle Telephone Company, and Virginia Telephone Company) filed their Petition for Waiver of Toll Control.

[4] Bell Atlantic-Virginia, Inc. maintains that either form of toll limitation will qualify, and has petitioned the FCC to clarify Paragraph 385 of its Report and Order to specify this.

CASE NO. PUC970138
OCTOBER 28, 1997

APPLICATION OF
GTE SOUTH INCORPORATED,
GTE MOBILNET OF RICHMOND INCORPORATED a/k/a GTE WIRELESS OF THE SOUTH INCORPORATED,
and
GTE MOBILNET OF DANVILLE INCORPORATED

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On August 29, 1997, GTE South Incorporated ("GTE") together with GTE Mobilnet of Richmond Incorporated also known as GTE Wireless of the South Incorporated, and GTE Mobilnet of Danville Incorporated (hereafter collectively "Mobilnet") filed their interconnection agreement ("Agreement") dated June 24, 1997, and June 30, 1997, with the Commission for approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX, sec. 2 and § 56-35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5 B and § 56-265.4:4 C 1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, GTE, Mobilnet, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for GTE and Mobilnet indicated that a copy of the Agreement was served on the modified service list in this case defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, adopted in Case No. PUC960059, 20 VAC 5-400-190 ("procedural rules"). Comments were to be filed on or before September 19, 1997. No comments were filed.

After review of the Agreement, the Commission is concerned that Article III, § 12.3 thereof requires mandatory arbitration and that the arbitration be held in Dallas County, Texas. However, because this is a voluntary agreement entered into between GTE and Mobilnet, we may only reject the Agreement if it is discriminatory to other carriers or if it is contrary to the public interest. The parties' agreement to binding arbitration at a particular place violates neither of those criteria. While it is possible that the Commission may, in the future, have difficulty enforcing an arbitrator's award that is contrary to Virginia law or Commission Rules, that concern does not warrant rejection of this Agreement.

Finally, in the cover letter accompanying this agreement, GTE, by counsel, states that GTE and Mobilnet are affiliates for purposes of Chapter 4 (§ 56-76 et seq.) of Title 56 of the Code of Virginia, but that an application under Chapter 4 is not required because approval of the Agreement obviates that requirement as a practical and legal matter under the Telecommunications Act of 1996. We do not agree that the Telecommunications Act of 1996 obviates the approvals required by Virginia statutes under Chapter 4. Instead, § 253(b) of the Act preserves the ability of a State to impose, on a

competitively neutral basis and consistent with section 254 of the Act, requirements necessary to preserve and advance universal service, protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers.

We find that both the approval required by § 252(e) of the Act as well as that required under Chapter 4 (§ 56-76 et seq.) of Title 56 of the Code of Virginia have the public interest as their legal touchstone. Additionally, § 252(i) of the Act requires GTE to offer similar agreements to any other requesting telecommunications carrier upon the same terms and conditions as those provided in this Agreement. Therefore, consistent with § 56-77 B of the Code of Virginia, we will exempt GTE from filing a further application for approval of its agreement with Mobilnet under Chapter 4 of Title 56 of the Code of Virginia.

We also approve this Agreement pursuant to the standards of § 252(e)(2)(A) of the Act. This approval should not, however, be viewed as Commission precedent applicable to other agreements for interconnection or requests for similar exemptions from Chapter 4 of Title 56 of the Code of Virginia. The Agreement is directly binding only on GTE and Mobilnet.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by Va. Const., Art. IX, sec. 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by GTE and Mobilnet is hereby approved as complying with § 252(e) of the Act. Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) GTE and Mobilnet are hereby granted a limited exemption for the purposes of this Agreement only from Chapter 4 (§ 56-76 et seq.) of Title 56 of the Code of Virginia.

(4) This matter shall remain open to receive any amendments to the Agreement.

CASE NO. PUC970139
NOVEMBER 4, 1997

APPLICATION OF
GTE SOUTH INCORPORATED
and
AT&T WIRELESS SERVICES, INC.

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On September 4, 1997, GTE South Incorporated ("GTE") and AT&T Wireless Services, Inc. ("AWS") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated April 1, 1997 and April 9, 1997.

The Commission has constitutional and statutory duties to regulate the operations of the telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX § 2 and § 56-35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, AWS, GTE, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for GTE and AWS indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059 ("procedural rules").

The Commission finds that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. It should not, however, be viewed as Commission precedent for other agreements. The Agreement is directly binding only GTE and AWS. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by GTE and AWS is hereby approved as complying with § 252(e) of the Act. Any future negotiations which result in a different or new arrangement for interconnection, services, or network elements under § 251 of the Act, 47 U.S.C. § 251, shall be submitted to the Commission for approval under § 252(e) of the Act, 47 U.S.C. § 252(e).

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case shall remain open to receive any amendments to the Agreement.

CASE NO. PUC970140
DECEMBER 3, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
U.S. TELCO, INC.

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On September 4, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and U.S. Telco, Inc. ("U.S. Telco") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated August 20, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and § 56.35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, U.S. Telco, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA and U.S. Telco indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed on or before September 25, 1997, and none were received.

Under § 252(e)(2)(A) of the Act, the Commission may only reject an interconnection agreement adopted by negotiation if it finds that (1) the agreement discriminates against another telecommunications carrier; or (2) the implementation of the agreement is not consistent with the public interest, convenience and necessity. No one commented that the implementation of the agreement was discriminatory or inconsistent with the public interest, convenience and necessity.

We have one area of concern with the Agreement. Section 30.2 under the heading of "Responsibility for Charges" appears to obligate U.S. Telco to pay for services provided by parties other than BA-VA regardless of whether U.S. Telco is paid for those charges by its customers. This agreement between U.S. Telco and BA-VA does not affect the rights of end users to dispute such charges and does not excuse either company from complying with the Commission's billing and collection rules.

Despite this concern, we find that the Agreement should be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution Art. IX § 2 and § 56-35 of the Code of Virginia, the Agreement is hereby approved pursuant to § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of the Agreement shall be kept on file with the Commission's Division of Communications for inspection by the public.

(3) This matter is continued generally for the consideration of any subsequent revisions or amendments to the Agreement.

CASE NO. PUC970141
NOVEMBER 24, 1997

APPLICATION OF
USN COMMUNICATIONS VIRGINIA, INC.

For certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services

FINAL ORDER

On September 5, 1997, USN Communications Virginia, Inc. ("USN Communications" or "Applicant") filed an application for certificates of public convenience and necessity to provide local exchange and interexchange telecommunications services throughout Virginia.

By order dated September 23, 1997, the Commission directed the Applicant to provide notice of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a hearing to receive evidence relevant to such application.

On October 28, 1997, Staff filed its report. In its report, Staff noted that, based on its review of Applicant's testimony filed on October 14, 1997, Applicant intends to operate as a reseller of telecommunications services only. Since the Commonwealth of Virginia does not require certification of resellers of interexchange services, Staff evaluated USN Communications' application for compliance with the Commission's Rules for Local Exchange Telephone Competition ("Rules"), as adopted in Case No. PUC950018. Staff found that Applicant was in compliance with such Rules and recommended that the Commission grant USN Communications a local exchange certificate only.

A hearing was conducted on November 19, 1997. USN filed proof of publication and proof of service as required by the September 23, 1997 scheduling order. At the hearing, the application, testimony of the Applicant's witness, and the Staff Report were entered into the record without objection. Counsel for USN Communications confirmed that it was no longer seeking certification to provide interexchange telecommunications services in Virginia.

Having considered the application and the Staff Report, the Commission finds that USN Communications' application should be granted.

Accordingly, IT IS ORDERED THAT:

(1) USN Communications Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-394, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this order.

(2) USN Communications shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.

CASE NO. PUC970142
DECEMBER 8, 1997

APPLICATION OF
UNITED TELEPHONE - SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996 with GTE Wireless of the South, Incorporated

ORDER APPROVING AGREEMENT

On September 9, 1997, United Telephone-Southeast, Inc. and Central Telephone Company of Virginia ("United/Centel") filed a joint application for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996, 47 U.S.C. §§ 251 and 252, of their interconnection agreement with GTE Wireless of the South, Incorporated ("GTE Wireless") dated August 21, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and § 56.35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5 B and § 56-265.4:4 C 1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, United/Centel, GTE Wireless and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for United/Centel indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed on or before September 30, 1997, and none were received.

Pursuant to the provisions of § 252(e)(2)(A) of the Act, the Commission may reject the proposed Agreement only if it is found to be inconsistent with the public interest, convenience and necessity or if it is found discriminatory to other carriers. Since there is no indication that the agreement violates any of those standards, the Commission finds that the Agreement should be approved. It should not, however, be viewed as Commission precedent for other agreements. The Agreement is directly binding only on United/Centel and GTE Wireless. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by United/Centel and GTE Wireless is hereby approved as complying with § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This matter is continued generally for the consideration of any subsequent revisions or amendments to the Agreement.

CASE NO. PUC970143
DECEMBER 8, 1997

APPLICATION OF
UNITED TELEPHONE - SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996 with Danville Cellular Telecommunications Company Limited Partnership

ORDER APPROVING AGREEMENT

On September 9, 1997, United Telephone-Southeast, Inc. and Central Telephone Company of Virginia ("United/Centel") filed a joint application for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996, 47 U.S.C. §§ 251 and 252, of their interconnection agreement with Danville Cellular Telecommunications Company Limited Partnership ("Danville Cellular") dated August 21, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and § 56.35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5 B and § 56-265.4:4 C 1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, United/Centel, Danville Cellular, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for United/Centel indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed on or before September 30, 1997, and none were received.

Pursuant to the provisions of § 252(e)(2)(A) of the Act, the Commission may reject the proposed Agreement only if it is found to be inconsistent with the public interest, convenience and necessity or if it is found discriminatory to other carriers. Since there is no indication that the agreement violates any of those standards, the Commission finds that the Agreement should be approved. It should not, however, be viewed as Commission precedent for other agreements. The Agreement is directly binding only on United/Centel and Danville Cellular. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by United/Centel and Danville Cellular is hereby approved as complying with § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This matter is continued generally for the consideration of any subsequent revisions or amendments to the Agreement.

CASE NO. PUC970144
DECEMBER 8, 1997

APPLICATION OF
UNITED TELEPHONE - SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996 with Virginia RSA 5 Limited Partnership

ORDER APPROVING AGREEMENT

On September 9, 1997, United Telephone-Southeast, Inc. and Central Telephone Company of Virginia ("United/Centel") filed a joint application for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996, 47 U.S.C. §§ 251 and 252, of their interconnection agreement with Virginia RSA 5 Limited Partnership ("Virginia RSA 5") dated August 21, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and § 56.35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5 B and § 56-265.4:4 C 1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, United/Centel, Virginia RSA 5, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for United/Centel indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed on or before September 30, 1997, and none were received.

Pursuant to the provisions of § 252(e)(2)(A) of the Act, the Commission may reject the proposed Agreement only if it is found to be inconsistent with the public interest, convenience and necessity or if it is found discriminatory to other carriers. Since there is no indication that the agreement violates any of those standards, the Commission finds that the Agreement should be approved. It should not, however, be viewed as Commission precedent for other agreements. The Agreement is directly binding only on United/Centel and Virginia RSA 5. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by United/Centel and Virginia RSA 5 is hereby approved as complying with § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This matter is continued generally for the consideration of any subsequent revisions or amendments to the Agreement.

CASE NO. PUC970145
DECEMBER 8, 1997

APPLICATION OF
UNITED TELEPHONE - SOUTHEAST, INC.
and
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval of an interconnection agreement under § 252(e) of the Telecommunications Act of 1996 with Virginia Cellular Limited Partnership

ORDER APPROVING AGREEMENT

On September 9, 1997, United Telephone-Southeast, Inc. and Central Telephone Company of Virginia ("United/Centel") filed a joint application for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996, 47 U.S.C. §§ 251 and 252, of their interconnection agreement with Virginia Cellular Limited Partnership ("VCLP") dated August 21, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and § 56.35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5 B and § 56-265.4:4 C 1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, United/Centel, VCLP, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for United/Centel indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed on or before September 30, 1997, and none were received.

Pursuant to the provisions of § 252(e)(2)(A) of the Act, the Commission may reject the proposed Agreement only if it is found to be inconsistent with the public interest, convenience and necessity or if it is found discriminatory to other carriers. Since there is no indication that the agreement violates any of those standards, the Commission finds that the Agreement should be approved. It should not, however, be viewed as Commission precedent for other agreements. The Agreement is directly binding only on United/Centel and VCLP. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by United/Centel and VCLP is hereby approved as complying with § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This matter is continued generally for the consideration of any subsequent revisions or amendments to the Agreement.

CASE NO. PUC970146
SEPTEMBER 17, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In the matter of revising rules governing service standards for local exchange telephone companies

ORDER ESTABLISHING RULEMAKING PROCEEDING AND INVITING COMMENTS

By Order of June 10, 1993, the Commission adopted Regulations Governing Service Standards for Local Exchange Telephone Companies. (20 Virginia Administrative Code 5-400-80).

Since those rules were adopted, the telecommunications industry has changed. With the enactment of the Telecommunications Act of 1996, 47 U.S.C. § 251 et. seq. and the enactment of § 56-265.4:4 C of the Code of Virginia, many additional competitive local exchange telephone companies ("CLECs") will be offering telecommunications services.

To address changes in the local service marketplace, the Commission's Division of Communications has drafted revised service rules and measurement procedures, a copy of which is attached hereto as Appendix A. The proposed rules and measurement procedures pertain to all incumbent and competitive LECs. Those companies serving 20,000 or more access lines shall compute and report service data to the Division of Communications monthly. Reporting exemptions may be made by the Staff on a case by case basis. For example, resellers of local service may not be required to report network results. Those companies serving less than 20,000 access lines shall be prepared to present service measurement data to the S.C.C. when required. Failure to comply with service standards adopted as Commission rules would constitute a violation punishable pursuant to either § 56-483 or § 12.1-33 of the Code of Virginia or both. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) This matter is docketed as Case No. PUC970146;

(2) The Commission's Division of Communications on or before September 30, 1997, shall cause a copy of the following notice to be published in newspapers having general circulation throughout the Commonwealth as classified advertising;

NOTICE OF PROPOSED REVISED RULES
GOVERNING THE SERVICE STANDARDS
FOR VIRGINIA'S LOCAL EXCHANGE
TELEPHONE COMPANIES

The Virginia State Corporation Commission ("SCC") has proposed revising its rules governing service standards for Virginia's local exchange telephone companies ("LECs"). The purpose of these revisions is to assure continuation of quality telephone service throughout the Commonwealth and provide sanctions for any deterioration in service.

The text of the proposed revisions to rules can be examined at the Commission's Division of Communications or the Document Control Center located at Floor 1 of the Tyler Building, 1300 East Main Street, Richmond, Virginia, open Monday through Friday, 8:15 a.m. until 5:00 p.m. Copies of the proposed amendments to rules may be ordered from the Commission's Division of Communications, P.O. Box 1197, Richmond, Virginia 23218.

The Commission will not conduct a public hearing unless substantial objections are raised to the proposed revisions to rules and a hearing is requested. Interested persons may submit written comments or requests for hearing concerning the proposed amendments to rules on or before October 31, 1997, by writing William J. Bridge, Clerk, Virginia State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23216, making reference to Case No. PUC970146.

VIRGINIA STATE CORPORATION COMMISSION

(3) Any comments or requests for hearing on the proposed rules must be filed on or before October 31, 1997; and

(4) If no substantial objections or requests for a hearing are filed on or before October 31, 1997, the Commission may adopt its proposed Rules Governing Service Standards for Local Exchange Telephone Companies without conducting a hearing.

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

CASE NO. PUC970147
DECEMBER 10, 1997

APPLICATION OF
GTE SOUTH INCORPORATED
and
MCIMETRO ACCESS TRANSMISSION SERVICES OF VIRGINIA, INC.

For approval of interconnection agreement under Section 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On September 11, 1997, GTE South Incorporated ("GTE") and MCImetro Access Transmission Services of Virginia, Inc. ("MCI") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated and effective that same date. The parties' transmittal letter stated that this Agreement only covers the terms, conditions and prices for the exchange of the parties' traffic in northern Virginia.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. Art. IX sec. 2 and § 56.35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, GTE, MCI, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for GTE and MCI indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed on or before October 2, 1997 and none were received.

Pursuant to the provisions of § 252(e)(2)(A) of the Act, the Commission may reject the proposed Agreement only if it is found to be inconsistent with the public interest, convenience and necessity or if it is found discriminatory to other carriers. Since there is no indication that the agreement violates any of those standards, the Commission finds that the Agreement should be approved. It should not, however, be viewed as Commission precedent for other agreements submitted by GTE. The Agreement is directly binding only upon GTE and MCI. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, Art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by GTE and MCI is hereby approved as complying with § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of this amendment to the Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This matter is continued generally for the consideration of any subsequent revisions or amendments to the Agreement.

CASE NO. PUC970148
NOVEMBER 25, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
US WEST INTERPRISE AMERICA, INC.

For approval of an interconnection agreement under Section 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On September 12, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and US West Interprise America, Inc. ("US West") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, of the interconnection agreement ("Agreement") dated July 23, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See VA Const. Art. IX, sec. 2 and § 56-35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5 B and § 56-265.4:4 C.1 of the Code of Virginia. Whether the Commission is authorizing alternative forms of regulation or certificating competitive service providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, US West, and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA and US West indicated that a copy of the application was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, adopted in Case No. PUC960059, 20 VAC 5-400-190 ("procedural rules"). Comments were to be filed on or before October 3, 1997. None were filed.

Pursuant to the provisions of § 252(e)(2)(A) of the Act, the Commission may reject the proposed Agreement only if it is found to be inconsistent with the public interest, convenience and necessity or if it is found to be discriminatory to other carriers. Since there is no indication that the Agreement violates any of those standards, the Commission finds that the Agreement should be approved. It should not, however, be viewed as Commission precedent for other agreements or any statement of generally available terms submitted by BA-VA. The Agreement is directly binding only upon BA-VA and US West.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by VA Const. Art. IX, sec. 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and US West is hereby approved as complying with § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This matter is continued generally for the consideration of any subsequent revisions or amendments to the Agreement.

CASE NO. PUC970149
DECEMBER 10, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
ATLANTIC TELECOM, INC.

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On September 12, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and Atlantic Telecom, Inc. ("ATI") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated June 11, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. art. IX § 2 and § 56-35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, ATI and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed by October 3, 1997, and none were received.

We have one area of concern with the Agreement. Section 30.2 under the heading of "Responsibility for Charges" appears to obligate ATI to pay for services provided by parties other than BA-VA regardless of whether ATI is paid for those charges by its customers. This agreement between ATI and BA-VA does not affect the rights of end users to dispute such charges and does not excuse either company from complying with the Commission's billing and collection rules. Notwithstanding this concern, we find that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. It should not, however, be viewed as Commission precedent for other agreements. The Agreement is directly binding on only BA-VA and ATI. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and ATI is hereby approved as complying with § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case is continued generally for the consideration of any subsequent amendments or revisions to the Agreement.

CASE NO. PUC970150
DECEMBER 11, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
USA EXCHANGE, LLC

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On September 12, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and USA eXchange ("USA eX") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated June 11, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. art. IX § 2 and § 56-35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, USA eX and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed by October 3, 1997, and none were received.

We have one area of concern with the Agreement. Section 30.2 under the heading of "Responsibility for Charges" appears to obligate USA eX to pay for services provided by parties other than BA-VA regardless of whether USA eX is paid for those charges by its customers. This agreement between USA eX and BA-VA does not affect the rights of end users to dispute such charges and does not excuse either company from complying with the Commission's billing and collection rules. Notwithstanding this concern, we find that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. It should not, however, be viewed as Commission precedent for other agreements. The Agreement is directly binding on only BA-VA and USA eX. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and USA eX is hereby approved as complying with § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case is continued generally for the consideration of any subsequent amendments or revisions to the Agreement.

CASE NO. PUC970151
NOVEMBER 24, 1997

APPLICATION OF
TOTAL-TEL OF VIRGINIA, INC.

For a certificate of public convenience and necessity to provide local exchange telecommunications service

FINAL ORDER

On September 15, 1997 Total-Tel of Virginia, Inc. ("Total-Tel" or "the Applicant") filed an application for a certificate of public convenience and necessity to provide local exchange telecommunications services in Virginia throughout the service territories of Bell Atlantic-Virginia, Inc. and GTE South Incorporated.

By order dated October 1, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to Total-Tel's application.

On November 5, 1997, the Staff filed its report finding that Total-Tel's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018. Accordingly, the Staff recommended granting a local exchange certificate to Total-Tel.

A hearing was conducted on November 19, 1997. Total-Tel filed proof of publication and proof of service as required by the October 1, 1997 scheduling order. At the hearing, the application, with accompanying exhibits, and the Staff Report were entered into the record without objection.

Having considered the application and the Staff Report, the Commission finds that such application should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Total-Tel of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-395, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Total-Tel shall provide tariffs to the Division of Communications which conform with all applicable Commission rules and regulations.

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.

CASE NO. PUC970152
NOVEMBER 25, 1997

APPLICATION OF
GROUP LONG DISTANCE OF VIRGINIA, INC.

For a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Service

FINAL ORDER

On September 15, 1997 Group Long Distance of Virginia, Inc. ("GLD" or "the Applicant") filed an application for a certificate of public convenience and necessity to provide local exchange telecommunications services in Virginia throughout the service territories of Bell Atlantic-Virginia, Inc. and GTE South Incorporated.

By order dated September 30, 1997, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to GLD's application.

On November 5, 1997, the Staff filed its report finding that GLD's application was in compliance with the Commission's Rules for Local Exchange Telephone Competition, as adopted in Case No. PUC950018. Accordingly, the Staff recommended granting a local exchange certificate to GLD.

A hearing was conducted on November 19, 1997. GLD filed proof of publication and proof of service as required by the September 30, 1997 scheduling order. At the hearing, the application, with accompanying exhibits, and the Staff Report were entered into the record without objection.

Having considered the application and the Staff Report, the Commission finds that such application should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Group Long Distance of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-397, to provide local exchange telecommunications service subject to the restrictions set forth in the Commission's Rules for Local Exchange Telephone Competition, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) GLD shall provide tariffs to the Division of Communications which conform to all applicable Commission rules and regulations.

(3) There being nothing further to come before the Commission, this case shall be dismissed and the papers placed in the file for ended causes.

CASE NO. PUC970156
DECEMBER 16, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.
and
STICKDOG TELECOM, INC.

For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

ORDER APPROVING AGREEMENT

On September 25, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA") and Stickdog Telecom, Inc.("Stickdog") filed for Commission approval, pursuant to §§ 251 and 252 of the Telecommunications Act of 1996 ("the Act"), 47 U.S.C. §§ 251 and 252, their interconnection agreement ("Agreement") dated August 30, 1997.

The Commission has constitutional and statutory duties to regulate the operations of telecommunications public service companies to assure conformance to the public interest. See Va. Const. art. IX § 2 and § 56-35 of the Code of Virginia. This authority has been reaffirmed by the enactment of § 56-235.5.B and § 56-265.4:4.C.1. Whether the Commission is authorizing alternative forms of regulation or certificating competitive providers, it must assure the continuation of quality local exchange service and protect the public interest. Notwithstanding their negotiated agreement, BA-VA, Stickdog and all other providers of local exchange service must comply with all statutory standards and Commission rules and regulations.

Counsel for BA-VA indicated that a copy of the Agreement was served on the modified service list in this case as defined in the Commission's Procedural Rules for Implementing §§ 251 and 252 of the Telecommunications Act of 1996, as adopted in Case No. PUC960059, 20 VAC 5-400-190, ("procedural rules"). Comments were to be filed by October 16, 1997, and none were received.

We have one area of concern with the Agreement. Section 30.2 under the heading of "Responsibility for Charges" appears to obligate Stickdog to pay for services provided by parties other than BA-VA regardless of whether Stickdog is paid for those charges by its customers. This agreement between Stickdog and BA-VA does not affect the rights of end users to dispute such charges and does not excuse either company from complying with the Commission's billing and collection rules. Notwithstanding this concern, we find that the Agreement should be approved pursuant to the standards of § 252(e)(2)(A) of the Act. It should not, however, be viewed as Commission precedent for other agreements. The Agreement is directly binding on only BA-VA and Stickdog. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the Commission's authority to regulate public service companies as authorized by the Virginia Constitution, art. IX § 2 and § 56-35 of the Code of Virginia, the interconnection agreement submitted by BA-VA and Stickdog is hereby approved as complying with § 252(e) of the Act.

(2) Pursuant to § 252(h) of the Act, a copy of this Agreement shall be kept on file in the Commission's Division of Communications for inspection by the public.

(3) This case is continued generally for the consideration of any subsequent amendments or revisions to the Agreement.

CASE NO. PUC970158
DECEMBER 23, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service from its Wise exchange to its Appalachia exchange

FINAL ORDER

On October 3, 1997, Bell Atlantic-Virginia, Inc. ("BA-VA" or the "Company") filed an application with the State Corporation Commission ("Commission") pursuant to the provisions of Va. Code § 56-484.2. BA-VA proposed to notify its Wise exchange subscribers of the increases in monthly rates that would be necessary to extend their local service to include the Appalachia exchange. Customers in the Appalachia exchange had previously petitioned the Commission for local calling to Wise. In a poll conducted in response to the petition, a majority of the Appalachia customers responding supported paying higher rates for local calling to Wise. A poll of Wise subscribers was not required under § 56-484.2(A) of the Code of Virginia because the proposed rate increase does not exceed 5% of the existing monthly one-party residential rate.

By order dated October 16, 1997, the Commission directed BA-VA to publish notice of the proposed increase. Affected telephone customers were given until December 15, 1997, to file comments or request a hearing on the proposal. No comments or requests for a hearing were filed. On December 10, 1997, BA-VA filed proof of notice as required by the Commission's October 16, 1997 order.

On December 17, 1997, the Commission's Staff submitted its report regarding the Company's application. The Staff recommended that BA-VA's application to implement extended local service from its Wise exchange to its Appalachia exchange be approved. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Wise exchange to its Appalachia exchange shall be implemented.

(2) The Company shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

CASE NO. PUC970166
DECEMBER 17, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: in re: Consideration of changes in universal service support for low-income customers as required by federal regulations

ORDER AMENDING VIRGINIA UNIVERSAL SERVICE PLAN

The Telecommunications Act of 1996, 47 U.S.C. § 251 et seq.(the "Act")[1] has required the Commission to take various actions with regard to the provision of universal telecommunications service.[2] These actions include designating telecommunications carriers eligible to receive universal service support, which the Commission has undertaken in Case No. PUC970135, and implementing discounts for telecommunications services for eligible schools and libraries throughout the Commonwealth, which was done in Case No. PUC970063.[3]

In this docket, the Commission is considering changes to the Virginia Universal Service Plan ("VUSP"), under which eligible lower-income Virginians may obtain certain telephone services at reduced charges, that might be necessary to conform the VUSP to federal requirements.

On November 7, 1997, the Commission entered an Order for Comments, directing interested parties to file comments on or before December 1, 1997.[4] Timely comments were filed by a number of parties, addressing the questions raised by the Commission in the Order.

Currently, all incumbent local exchange carriers ("ILECs") in Virginia participate in the VUSP. This plan includes the two federal Lifeline Assistance programs, as well as the federal Link-Up program. One Lifeline program provides for a qualifying subscriber's telephone bill to be reduced by $3.50 per month. That customer's ILEC receives half of this amount from the federal Lifeline Assistance fund, and the other half is funded by intrastate sources. The other Lifeline program provides for greater customer savings by allowing a federal waiver of the entire Subscriber Line Charge ("SLC") ($3.50 per month) insofar as the waived amount is matched by intrastate supplied funds. Under this plan, the customer's bill may be reduced by at least twice the amount of the SLC.

New federal regulations have changed the current levels of federal support for Lifeline assistance programs, such that program participants may realize greater reductions in the rates for certain telephone services without additional costs being imposed on the local exchange carriers. The Commission has concluded that it is in the public interest for eligible local exchange carriers operating in Virginia to participate in these programs and take advantage of available federal funds to make local telephone service even more affordable for qualifying low-income customers.

To accomplish this goal, the Commission will order and direct each participating telephone company to maintain at least its current level of state support for these programs. That is, companies currently participating in the first Lifeline program are directed to continue to provide at least $1.75 per month in matching state funds, which will result in overall bill reductions for participants of $7.88 per month.[5] Companies currently participating in the second Lifeline program are directed to provide at least $3.50 per month in matching state funds, which will result in overall bill reductions for participants of $10.50 per month.[6] Companies may modify their participation in the VUSP so as to maintain at least a nominal monthly rate for service.[7]

The Commission finds further that all companies participating in the VUSP shall adopt the customer eligibility requirements established in Case No. PUC960036.[8] Under the terms of this Order, therefore, all participating companies will provide state Lifeline service support under 47 C.F.R. § 54.409(a).

The further reductions for VUSP rates established by this Order shall be effective not later than March 3, 1998. Any carrier that is unable to comply with this implementation requirement should file a request for an extension of time showing good cause for such extension.

---

[1] The associated federal regulations, 47 C.F.R. § 54.400 - .417, further delineate the Commission's responsibilities. Section .405 of those regulations requires all eligible telecommunications carriers to make Lifeline service available to all qualifying low-income customers.

[2] On September 29, 1997, the Federal Communications Commission ("FCC") released Public Notice DA-1892 in which it announced procedures for State commissions to notify the FCC and the Universal Service Administrative Company ("USAC") on certain universal service matters by December 31, 1997.

[3] Final Order, Case No. PUC970063, June 30, 1997.

[4] Later amended to December 12, 1997.

[5] Currently, these companies provide $1.75 of intrastate funds, matched by federal sources, for a $3.50 base rate reduction. Under the new regulations, an additional $1.75 will now be supplied from federal sources, for a base reduction of $5.25 ($3.50 + $1.75). Federal sources will also match one-half of state supplied funds. One-half of $1.75 is $0.88. Summing all these funds ($5.25 + $1.75 + 0.88 = $7.88) yields the rate reduction.

[6] For these companies, the base reduction of $5.25, with $3.50 of state supplied funds, matched by $1.75 of additional federal funds ($5.25 + $3.50 + $1.75 = $10.50) yields the rate reduction.

[7] No carrier will be required to provide service below $1 per month, except those currently providing service at rates lower than $1. No carriers will be required to reduce any rate that is currently below $1 per month.

[8] Commonwealth of Virginia, At the relation of the State Corporation Commission Ex Parte, in re: In the matter of investigating telephone regulatory methods pursuant to Virginia Code § 56-235.5, etc., Final Order, October 18, 1994. Eligibility criteria established in this case include Medicaid and food stamp programs recipients.

The Commission also finds that all incumbent local exchange companies currently participating in the Virginia Universal Service Plan must amend their tariffs to comply with applicable federal regulations.[9] In particular, the Commission wants to ensure that all carriers comply with 47 C.F.R. § 4.401(b) and (c), which prohibit carriers from disconnecting Lifeline service for non-payment of toll charges, and from collecting customer service deposits in order to initiate Lifeline service to any customer who voluntarily elects toll blocking service. In addition, some companies may need to revise their VUSP tariffs to reflect the provision of toll blocking at no charge. Also, tariffs shall comply with requirements on Link-up assistance for subsequent installations set out in 47 C.F.R. § 54.411(c).

The Commission will require eligible carriers to comply with these and all other applicable federal requirements effective January 1, 1998, but in view of the short time frame available to make all such tariff changes, companies may have until March 3, 1998, to effect the necessary tariff and rate revisions.

Accordingly, IT IS ORDERED THAT:

(1) Each eligible telephone company shall implement rate changes to the Virginia Universal Service Plan, consistent with the requirements set out herein, not later than March 3, 1998.

(2) Each eligible telephone carrier shall comply with federal Lifeline service regulations regarding customer deposits, termination for non-payment of toll service, provision of toll blocking at no charge, Link Up assistance, and other relevant provisions effective January 1, 1998.

(3) Each eligible telephone company shall file all necessary tariff revisions with the Commission's Division of Communications on or before February 1, 1998, to be effective not later than March 3, 1998.

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

[9] Several companies have already filed tariff revisions to become effective on January 1, 1998.

CASE NO. PUC970173
DECEMBER 15, 1997

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: In the matter of revising Rules for Pay Telephone Service and Instruments pursuant to the Pay Telephone Registration Act

INTERIM ORDER ON PHASE I

On November 4, 1997, the State Corporation Commission ("Commission") issued an Order that gave notice of proposed revisions to the Commission's Rules for Pay Telephone Service and Instruments to pay telephone providers, local exchange carriers ("LECs"), and interexchange carriers subject to the Commission's jurisdiction. These proposed rule revisions sought to eliminate disparities between the pay telephone service provided by local exchange carriers and that provided by companies formerly known as private pay telephone providers. All payphone providers are now referred to as Payphone Service Providers in the attached rules. Comments and requests for hearing on the proposed rule revisions were to be filed with the Clerk of the Commission on or before November 25, 1997.

No requests for hearing were filed in response to the November 4, 1997 Order. Timely comments were filed by Bell Atlantic-Virginia, Inc. ("BA-VA"), GTE South Incorporated ("GTE"), the Virginia Telecommunications Industry Association ("VTIA"), and AT&T Communications of Virginia, Inc. ("AT&T").

On December 3, 1997, the Commission entered an Order that bifurcated the proceeding into two phases. Phase I of the proceeding considered proposed Rules A 1 through A 3, dealing with the registration and fees for the registration of pay telephone instruments. Phase II was to consider additional rule revisions recommended in the comments filed in the proceeding, together with any additional revisions to the rules the Staff and case participants wished the Commission to consider. The December 3, 1997 Order directed the Staff to file a Report addressing the comments on the revisions to proposed Rules A 1 through A 3 with the Clerk of the Commission on or before December 4, 1997. The same Order directed the Staff to telefax a copy of its Report to counsel for BA-VA, GTE, the VTIA, and AT&T, by no later than December 4, 1997. The Order invited BA-VA, GTE, the VTIA, and AT&T to file its respective responses to the Staff Report on or before December 10, 1997, and continued the matter to consider further procedures for Phase II.

On December 4, 1997, the Staff filed its Report. Only Rule A 3 received comment by BA-VA, GTE, and the VTIA. In its Report, among other things, Staff filed a study, supporting its $4.00 per payphone registration fee. Additionally, the Staff recommended that the Commission modify its rules to provide that late fees for the 1998 registration period be waived for registrations received at the Commission post-marked on or before January 15, 1998. Staff suggested that LECs could seek a legislative remedy if the special regulatory revenue tax proved overly burdensome to them.

Only BA-VA filed Comments in response to Staff's report. In its Comments, BA-VA asserts that the special regulatory revenue tax supports the on-going operations of the Commission and that the registration fee paid previously by non-regulated providers of payphone service was designed to support the incremental costs associated with administering the payphone rules. It maintains that the costs identified in the Staff Report do not appear to be incremental costs and that, as such, incumbent local exchange carriers ("ILECs") appear to be paying the same costs twice -- once in the registration fee and again through the regulatory revenue tax. BA-VA requested that the payphone registration fee be set at $2.00 per payphone, or if the registration fee is set at $4.00, that ILECs be allowed to offset the fee by the amount of regulatory revenue tax associated with non-regulated payphone revenues.

NOW, UPON consideration of the rules proposed for consideration in Phase I hereof, the Staff Report, and the Comments received in response thereto, the Commission finds that § 56-508.16 of the Pay Telephone Registration Act ("the Act") authorizes the Commission, when promulgating rules to implement the Act, to levy and collect reasonable registration or other fees for payphones without regard to whether a payphone service provider is a regulated telephone company or not. Further, as demonstrated by the Staff's December 4, 1997, Report, the administrative costs associated with the registration and investigative processes will increase incrementally as a result of ILECs submitting registration forms. The additional number of payphones, approximately 38,000, will necessarily place a growing administrative burden on the Commission and its Staff.

Contrary to the assertions made in BA-VA's Comments, these are costs that the Commission and its Staff will incur in addition to the costs of regulation already recovered through the regulatory special assessment tax, § 58.1-2660 of the Code of Virginia. As the Staff Report explains, the costs Staff has identified in its study may be understated and do not reflect an increased cost related to enforcement actions that may arise from the increased number of eligible payphone registrants. Accordingly, we find it appropriate to revise Rule 3 to provide for a registration fee of $4.00 per payphone.[1] As we gain further experience under the operation of our payphone rules, we may subsequently adjust the registration fees to reflect the costs associated with registering the payphones of payphone service providers more precisely.

Finally, we find it appropriate to adopt the Staff's recommendation not to impose a late payment fee for the January 1, 1998, registration period for payphone registrations received by the Public Service Taxation Division bearing a post-mark of no later than January 15, 1998. The revised rules set out in Appendix A should be adopted, effective December 29, 1997, and should supersede those adopted on December 3, 1993, in Case No. PUC930013.[2]

Accordingly, IT IS ORDERED THAT:

(1) Regulations for Pay Telephone Service and Instruments adopted in Case No. PUC930013 are hereby amended as set out in Appendix A hereto, effective December 29, 1997.

(2) A copy of this Order and the rules adopted herein shall be forwarded promptly for publication in the Virginia Register of Regulations.

(3) This matter shall be continued pending the issuance of further orders by the Commission.

NOTE: A copy of Appendix A entitled "20 VAC 5-400-90. Regulations for payphone service and instruments" 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] BA-VA or other LECs, of course, are free to seek legislative relief should they determine that payment of the registration fees and the special regulatory revenue tax is unduly burdensome.

[2] The rules in Appendix A contain minor changes necessary to conform the rules to the requirements of the Virginia Register of Regulations. For example, references to "pay telephone service" have been changed to "payphone service" throughout the text of the rules.

CASE NO. PUC970185
DECEMBER 10, 1997

APPLICATION OF
BELL ATLANTIC-VIRGINIA, INC.

To implement extended local service between its Honaker exchange and the Oakwood exchange of GTE South, Inc.

FINAL ORDER

Bell Atlantic-Virginia, Inc. ("BA-VA") and GTE South, Inc. ("GTE") have advised the Commission that customers in BA-VA's Honaker exchange and customers in GTE's Oakwood exchange voted in favor of extended local service between the Honaker - Oakwood exchanges.

Because a majority of the subscribers in the two affected exchanges are in favor of the proposed extension of local service, § 56-484.2B of the Code of Virginia requires that the extension be ordered. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) The proposed extension of local service from BA-VA's Honaker exchange to the Oakwood exchange of GTE shall be implemented in a manner suitable to the two companies.

(2) BA-VA and GTE shall implement the tariff revisions necessary for the proposed extension of local service.

(3) There being nothing further to come before the Commission, this docket is closed and the papers filed herein shall be placed in the file for ended causes.

DIVISION OF ENERGY REGULATION

CASE NO. PUE880091
DECEMBER 29, 1997

APPLICATION OF
APPALACHIAN POWER COMPANY

For approval to implement residential experimental rate

ORDER CLOSING RATE EXPERIMENT

By Order Authorizing Experimental Rates dated February 27, 1989, the Commission approved the application of Appalachian Power Company ("APCO" or "the Company") to conduct a residential rate experiment utilizing a variable spot price ("RVSP") rate with the TranstexT Advanced Energy Management system, in a maximum of three hundred residential homes of customers living in the Roanoke area, for approximately one year. The Commission required APCO to file semi-annual reports with the Commission's Division of Energy Regulation.

Based upon APCO's subsequent Motions for Extension of Time to Complete Rate Experiment, the Commission, by Orders dated February 16, 1990, January 3, 1992, December 23, 1992, December 16, 1993, December 19, 1994, December 13, 1995, and December 19, 1996, granted extensions of time for the rate experiment and customer admission to the experimental tariff.

By motion filed October 23, 1997, APCO requests that, effective January 1, 1998, the experimental RVSP rate be suspended indefinitely, allowing current participants, at their option, to continue purchasing power under the current terms of the program, but prohibiting new participants from being added to the program. The Company stated that under appropriate circumstances, it may later request a permanent residential RVSP rate.

THE COMMISSION, upon consideration of the record herein and the recommendations of Staff, is of the opinion and finds that APCO's experimental rate RVSP should be closed. We further find that current participants may, at their option, continue to purchase power under the terms of the program, but no new participants may be added.

Accordingly, IT IS ORDERED THAT:

(1) Effective January 1, 1998, APCO's experimental rate RVSP is closed. Current participants may, at their option, continue to purchase power under the terms of the program, but no new participants may be added.

(2) This case is closed. Any request for a permanent RVSP rate shall be made in a separate docket.

CASE NO. PUE880097
FEBRUARY 20, 1997

APPLICATION OF
SOUTH WALES UTILITY, INC.

For a certificate of public convenience and necessity

FINAL ORDER

On August 31, 1995, South Wales Utility, Inc. ("South Wales" or "the Company") filed an amended application for a certificate of public convenience and necessity wherein it requested authority to provide water and sewerage service to residents of the South Wales subdivision located in Culpeper County, Virginia.

The Company also requested approval of its tariff. The Company proposed to charge a connection fee of $300 plus gross up for taxes for 3/4-inch water service connections and to charge actual cost for water service connections in excess of 3/4-inch, but in no event, to charge less than that for a 3/4-inch connection. The Company also proposed to charge $300 plus gross up for taxes for sewerage service connections.

The Company submitted the following monthly rates for water and sewerage service: a minimum charge of $22.95 for usage from zero to 3,000 gallons; a charge of $7.65 per 1,000 gallons for usage from 3,001 to 15,000; and a charge of $11.48 per 1,000 gallons for usage in excess of 15,001 gallons. Rates and billing for sewerage service are based on water consumption, and no provision is made for separate service.

South Wales proposed a customer deposit not to exceed a customer's estimated liability for two months' usage and a meter test fee equal to the actual cost of meter testing if the meter has no average error greater than two (2) percent. The Company suggested a $100 turn-on charge for water service and a $300 turn-on charge for sewerage service in the event service was disconnected for non-payment of any bill or for a violation of the Company's rules and regulations of service. South Wales proposed a fee not to exceed $1 per linear foot to inspect and certify that line extensions are in compliance with the Culpeper County construction specifications. Additionally, the Company proposed a $12 bad check charge and a late payment fee of 1½% per month on all past due balances.

On October 18, 1995, the Commission issued an Order Inviting Written Comments and Requests For Hearing. In that Order, the Commission directed South Wales to give its customers notice of its application and to provide interested persons with an opportunity to comment and/or request a hearing on or before January 2, 1996. The Commission also directed its Staff to review and analyze South Wales' application and to file a report detailing its findings and recommendations on or before April 25, 1996.

On February 5, 1996, South Wales amended its application to reflect a proposed lease agreement between South Wales and South Wales Limited Partnership ("Partnership") whereby South Wales would lease water and sewerage facilities from the developer, or Partnership. That agreement was subsequently approved by the Commission in an order entered on February 12, 1997, in Case No. PUA960007.

On April 25, 1996, Staff filed its report. Staff noted that it received no comments or requests for hearing. Staff recommended that the Commission grant South Wales a certificate of public convenience and necessity and approve its proposed rates, charges and fees with the exception of those detailed below. Staff noted that its investigation revealed that the Company had adjusted net operating loss of $42,597 for the test year ending June 30, 1995, and an adjusted rate base of $60,721.

Staff recommended that the Company implement certain booking recommendations regarding depreciation and capitalization of plant, file an Annual Financial and Operating Report and make certain tariff changes. Specifically, Staff recommended that the Company's water and sewerage rules and regulations of service be combined into one tariff; that its water service turn-on charge be reduced to $50; and that the sewerage service turn-on charge be eliminated.

Staff noted that the Company should be required to give ten (10) days notice before discontinuing service and should amend its Main Extension Policy to eliminate Rule No. 5f of its proposed tariff which addresses customers' liability to pay for extensions required for future growth. One of Staff's revisions requires the developer rather than the customer to be responsible for the $1 inspection fee. Staff also recommended that Rule 10c of the Company's water tariff and Rule 4d of its sewerage tariff be eliminated. Rule 10d requires owners to be liable for tenants' bills and Rule 4d relates to unmetered service that does not apply to any existing or new customers.

NOW THE COMMISSION, having considered the matter, is of the opinion that South Wales should be granted a certificate of public convenience. We will approve the Company's rates, charges, fees and rules and regulations of service with the exception of the connection fee, turn-on charges, and the above-referenced rules and regulations of service. We will adopt Staff's recommendations regarding the Company's tariff with one exception. We will not approve the tax gross up portion of the connection fee, as service connection fees are no longer subject to federal income tax pursuant to legislation adopted subsequent to the date of Staff's Report.[1] We will, however, adopt Staff's booking and filing recommendations. Accordingly,

IT IS ORDERED THAT:

(1) South Wales is granted Certificate Nos. W-285 and S-81 to provide water and sewerage service to residents of the South Wales subdivision in Culpeper County, Virginia.

(2) The Company's rates, charges, fees and rules and regulation of service, as modified herein, are hereby approved.

(3) The Company shall maintain a separate set of accounting records in accordance with the Uniform System of Accounts for Class C Water Companies.

(4) The Company shall implement Staff's booking recommendations and file an Annual Financial and Operating Report, the first of which is due to be filed on or before April 1, 1998, for calendar year 1997.

(5) South Wales shall, on or before, April 1, 1997, file with the Commission's Division of Energy Regulation, an amended tariff reflecting the revisions adopted herein.

(6) There being nothing further to be done, this matter be and hereby is dismissed and the papers placed in the file for ended causes.

[1] Small Business Job Protection Act of 1996, Pub. L. No. 104-188, § 1612.-Stat.- (to be codified as I.R.C. § 118) (1996) excludes from taxable income contributions in aid of construction for water and sewer utilities.

CASE NO. PUE910050
NOVEMBER 7, 1997

APPLICATION OF
APPALACHIAN POWER COMPANY

To amend its Certificates of Public Convenience and Necessity authorizing operation of transmission lines and facilities in the Counties of Giles, Craig, Roanoke, and Botetourt: Wyoming-Cloverdale 765-kV transmission line and Cloverdale 500-kV Bus Extension

ORDER GRANTING LEAVE TO WITHDRAW AND DISMISSING APPLICATION

On September 30, 1997, Appalachian Power Company d/b/a American Electric Power ("Appalachian" or "Company") moved to withdraw this application for approval of a 765-kV transmission line between its Wyoming Station, Wyoming County, West Virginia, and its Cloverdale Station, Botetourt County, Virginia, and a 500-kV bus extension at the Cloverdale Station. Appalachian had filed its application on August 15, 1991. The

Commission conducted extensive public hearings and developed a voluminous record addressing the need for the proposed transmission line and its routing.

On December 13, 1995, the Commission issued its Interim Order addressing this application. Based on the record then before us, we found a need for additional capacity to serve Appalachian's Virginia customers. The Commission also concluded that the proposed transmission facilities might be the most reasonable method of meeting this need, but the Commission also directed certain additional studies.

In support of its Motion for Leave to Withdraw, Appalachian cited the release of a federal draft environmental impact statement addressing the impact of the proposed transmission line on affected federal lands which has prompted the Company to study further its proposed routing for the line. The Company has also re-evaluated the need for transmission facilities after studying current information. Following its studies, Appalachian decided to file a new application seeking approval of the transmission line using up-to-date data and new routing. The Commission has docketed this new application as Case No. PUE970766 and established procedures leading to a full hearing.

The Commission will grant Appalachian's Motion for Leave to Withdraw. We will dismiss this proceeding from the docket of active cases.

Accordingly, IT IS ORDERED THAT:

(1) Appalachian's Motion for Leave to Withdraw is granted;

(2) Case No. PUE910050 is dismissed from the Commission's docket of active proceedings and that the papers therein are transferred to the files for ended cases.

CASE NO. PUE910069
APRIL 23, 1997

APPLICATION OF
ARTESIAN WELL WATER COMPANY

For a certificate of public convenience and necessity

DISMISSAL ORDER

In a motion filed on April 21, 1997, counsel for Artesian Well Water Company ("Artesian" or "the Company") requests that the Commission dismiss all matters pending in the above captioned proceeding. The Company notes that its affiliate, Central Water Systems, Inc. ("Central"), is currently certificated to provide water service to the same customers previously served by Artesian and that Artesian intends to file for dissolution of its corporate status.

NOW THE COMMISSION, having considered the matter, finds that the Company's motion should be granted.

Accordingly, IT IS ORDERED THAT this matter be and hereby is dismissed from the Commission's docket of active cases and the papers placed in the file for ended causes.

CASE NOS. PUE920022 and PUE880037
FEBRUARY 10, 1997

APPLICATION OF
DELMARVA POWER & LIGHT COMPANY

For approval to implement Energy for Tomorrow Program, Rider EFT

APPLICATION OF
DELMARVA POWER & LIGHT COMPANY

For approval of experimental rates

ORDER

By order dated April 28, 1988, the Commission approved Delmarva Power & Light Company's ("Delmarva" or "the Company") application for an experimental tariff, Rider "PM", effective May 1, 1988. Under Rider "PM" customers agree to establish a firm service level and to curtail load to that level at the Company's request during the peak management billing months of June through October. In return, the customers receive a credit as part of its regular monthly general service bill. By order dated May 1, 1992, Rider "PM" was permitted to remain in effect until further order of the Commission.

On September 9, 1992, the Commission approved Delmarva's application for an experimental tariff for water heater and/or air conditioner control service. This rate experiment, Rider "EFT", is a voluntary residential demand management program available to eligible Virginia residential customers who agree to allow Delmarva to cycle their electric central air conditioners/heat pumps and/or electric water heaters on and off during the summer months of June through September. Customers who allow cycling receive a credit during each summer month from June through September. By order dated April 27, 1995, Rider "EFT" was extended until April 30, 1996.

On March 13, 1996, Delmarva filed revised tariffs that close the two experimental programs to new participants effective May 1, 1996. The Company proposes, however, to utilize existing Rider "EFT" and "PM" customer resources to mitigate system emergencies throughout the year.

By order of April 9, 1996, the Commission directed the Company to file an explanation of its revised tariffs, and directed Staff to investigate the matter and file a report detailing the results of its investigation. In that Order, the Commission also allowed the Company's revised tariffs to be implemented on an interim basis subject to Staff's Report and any recommendations therein. The Company filed its explanation on June 4, 1996. Staff filed its Report on August 7, 1996.

In its Report, Staff stated that the Rider EFT and PM programs are not cost effective under Delmarva's 1995 integrated resource plan. Staff noted that the cost of purchased power and new generation had decreased significantly since the riders were established. Staff also noted the Company's belief that there is an over supply of capacity and energy in the mid-Atlantic region.

Staff concluded that the Company's proposal to close the EFT and PM riders was reasonable and that closing those riders should have no adverse rate impact on Delmarva's Virginia customers. Staff recommended that the Company file annual reports addressing participant levels and the Company's assessment of the programs.

NOW THE COMMISSION, having considered Delmarva's request and the Report filed by the Commission Staff, is of the opinion that the Company's revised tariffs should be implemented on a permanent basis. Consistent with Staff's recommendation, Delmarva should be required to file annual reports with the Divisions of Economics and Finance and Energy Regulation addressing participant levels and the Company's assessment of the riders. Accordingly,

IT IS ORDERED THAT:

(1) The revised tariffs for Riders "PM" and "EFT" are implemented on a permanent basis.

(2) Delmarva shall file with the Commission's Divisions of Economics and Finance and Energy Regulation annual reports addressing participant levels and the Company's assessment of these programs, the first report to be filed on or before December 31, 1997.

(3) There being nothing further to be done in this matter, it is hereby closed, and the papers placed in the filed for ended causes.

CASE NO. PUE920039
SEPTEMBER 11, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
PO RIVER WATER AND SEWER COMPANY

For a review of a rate increase pursuant to Va. Code § 56-265.13:6

ORDER ON REFUNDS

On March 13, 1997, Indian Acres Club of Thornburg, Inc. ("IACT"), by counsel, filed a motion with the State Corporation Commission ("Commission") requesting that the Commission issue an Order compelling Po River Water and Sewer Company ("Po" or "the Company") to file a refund report with the Commission in compliance with the Commission's Orders entered in this matter dated October 16, 1996, October 31, 1994, and October 11, 1994. Among other things, IACT alleged that the refund report filed by Po failed to set forth the costs of the Company's refund. IACT also maintained that the amounts of the refund and interest were incorrect.

In response to the Commission's March 17, 1997 Order, the Company and Staff filed responses to IACT's motion, and IACT filed its reply thereto.

On April 30, 1997, the Commission entered an Order wherein it directed the Commission Staff to file a report concerning Po's refunds on or before June 23, 1997. The same order invited IACT and Po to file any response they each wished to make to Staff's report by July 8, 1997.

On June 18, 1997, the Staff filed its report in this matter. In its report, the Staff noted that the Company based its refund calculation on 4,007 customers paying the full amount of the interim rates in effect from August 1, 1992, through October 15, 1996. Staff advised that it had been informed by the Company that some of the customers included in the 4,007 figure did not pay the full amount of or, in fact, any of the rates that were in effect during the period rates were subject to refund. The Staff recommended that the Commission direct Po to file an updated refund report identifying the actual total amount of the refund, with interest, or provide an explanation of why it cannot supply this information, together with a request for appropriate Commission relief.

The Staff also observed that the Company's refund report indicated that Po ceased paying interest on interim rate refunds on October 15, 1996, but that the sample individual bill, submitted with Po's refund report, indicated that the Company's bill credits associated with its refunds were not completed until the next billing period, i.e., February 1, 1997. Staff concluded that customers whose accounts were current did not actually receive the full benefit of the Company's credit until February 1, 1997. Therefore, the Staff recommended that Po be directed to compute the additional interest amounts that were due to the customers for the period between October 15, 1996 and February 1, 1997, and make the appropriate refunds immediately. Staff further recommended that the Company be directed to file a report with the Commission's Division of Energy Regulation within 30 days of the completion of the refund showing that the additional refund had been lawfully made and setting out the costs associated with this additional refund. Staff proposed that if The Carlyle Group, Inc. handled Po's refund, that Po should ensure that The Carlyle Group, Inc. tracked all of the costs of the refund.

On July 8, 1997, Po, by counsel, filed its response to the Staff's June 18 report. In its response, Po asserted that the actual cost of its refund was zero, and that none of the costs associated with the refund were passed on to Po or its customers. It maintained that it complied with the Commission's directives regarding the refund report and identifying the costs of the refund.

Po further represented that its computer software lacked the capability to track each customer's past payment history beyond the current year. It noted that it was therefore unable to provide the Commission with a refund report, demonstrating whether each customer paid all, part or none of the interim rates. Po argues that because it completed the refund, plus interest, on October 15, 1996, customers were not entitled to any additional interest for the period October 15, 1996 through February 1, 1997. It requested the Commission to dismiss the proceeding.

On July 8, 1997, IACT filed its response to the Staff report. In its response, IACT states that it concurs with the recommendations of the Commission Staff's June 18, 1997 Report. It agrees with the Staff's determination that Po is required to pay interest for the period between October 15, 1996 and February 1, 1997, on that portion of the refund credits not realized by the Company's customers until February 1, 1997. It further asserts that Po is required to pay interest on the full amount of the refund owed to each customer until November 1, 1996. It asserts that just as the customers did not receive the benefit of the last $27.50 of their refund until February 1, 1997, they did not receive the benefit of any portion of their refund until the first $43.75 portion of their current bill was due on November 1, 1996. IACT asks the Commission to adopt the recommendations contained in the Staff's report and to order Po to pay additional interest on the full amount of each refund for the period between October 15, 1996, and November 1, 1996.

NOW THE COMMISSION is of the opinion and finds that Po must pay additional interest on the refunds for the period October 15, 1996 to November 1, 1996, and interest owed on the $27.50 for the period November 2, 1996 through February 1, 1997. As shown on the sample bill attached to the documents Po filed on December 31, 1996, to support its refund methodology, Po billed its customers on October 15, 1996, but recognized no credits related to its refund for the period October 15, 1996, to November 1, 1996. Hence interest is due on the refunds for the period October 15, 1996 to November 1, 1996.

Further, as explained in the Staff's report, the Company's bill credits were not completed until the Company's February 1, 1997 billing period. Po did not bill its customers for the second quarter of its fiscal year until January 15, 1997. Customers who had paid Po in full did not actually receive all of the Company's refund credit until February 1, 1997. As seen on Po's sample bill, Po's customers were billed $43.75 and received a credit of $71.25. Hence, Po still owed these customers the balance of the refund credit due, or $27.50 until February 1, 1997. During the period between November 1, 1996 and February 1, 1997, Po should have continued to pay interest on the balance of the refund credit due to its customers. We find that the Company should pay these additional refund amounts by no later than November 19, 1997.

Moreover, Po or its agent responsible for making these refunds should file a document demonstrating that these additional refunds have been made by no later than December 1, 1997. On December 1, 1997, Po should also file a document with the Clerk of the Commission, setting forth the cost to the Company of making the refund or if the refund is performed by its parent and management Company, the Carlyle Group, Po may instead file a document stating that none of the costs of the refund will be passed onto Po by the Carlyle Group, if that is the case.

According, IT IS ORDERED THAT:

(1) Po shall complete the refund of interest owed on the portion of the refund credit ($27.50) which was not realized by the customers for the period November 2, 1996 through February 1, 1997, by November 19, 1997.

(2) Po shall complete the payment of interest on the full amount of the refund owed to each customers for the period October 15, 1996, to November 1, 1996, by November 19, 1997.

(3) The Company shall ensure that it or its billing agent The Carlyle Group prepares a document validating that these additional refunds have been made, and shall file such document with the Clerk of the Commission by no later than December 1, 1997.

(4) The Company shall track the cost of these additional refunds and shall file with the Commission documents describing in detail the costs to the Company of making these additional refunds by no later than December 1, 1997. The refund costs to be identified shall, at a minimum, include computer costs, personnel costs, costs for verifying and correcting the refund methodology, and the cost for developing the computer program to make these refunds. If the refund is performed by the Carlyle Group and none of the costs of the refund will be passed onto Po, then Po shall file a document stating that no costs of the refund will be passed onto Po by the Carlyle Group.

(5) Po, rather than its ratepayers, shall bear all costs of the further refund directed in this Order.

(6) There being nothing further to be done herein, this matter shall be dismissed.

CASE NO. PUE940008
APRIL 15, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For approval of the pilot program: "Energy Saver Home Plus"

ORDER MODIFYING PILOT PROGRAM

On January 27, 1995, the Commission entered an order authorizing Virginia Electric and Power Company ("Virginia Power" or "the Company") to conduct a three year demand-side management ("DSM") pilot program denominated the Energy Saver Home Plus ("ESH+") program. In

particular, the Commission allowed Virginia Power to offer rebates to up to 1,000 residential customers to promote the construction of homes with high efficiency electrical equipment and high weatherization standards.

On January 22, 1997, Virginia Power filed a letter with the Clerk of the Commission requesting modifications to the thermal and equipment standards of the ESH+ program. The Company states that the revised standards will have no affect on the Company's rates and charges, including the rebate offered to ESH+ program participants.

THE COMMISSION, upon consideration of this matter and upon the advice of its Staff, is of the opinion that the Company's letter of January 22, 1997, should be treated as a motion for modification of the Commission's January 27, 1995 Order. The Commission further finds that the requested modifications should be allowed, as they provide additional data for evaluating the ESH+ program. Accordingly,

IT IS ORDERED THAT Virginia Power is allowed to modify the standards of its ESH+ program as described in the Company's letter of January 22, 1997. In all other respects our Order of January 27, 1997, shall remain in effect.

CASE NOS. PUE940040 and PUE940051
JULY 10, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
DOMINION RESOURCES, INC.
and
VIRGINIA ELECTRIC AND POWER COMPANY,
Defendants

and

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte, in re: Investigation of Dominion Resources, Inc. and Virginia Electric and Power Company

ORDER

The captioned matters were instituted as an outgrowth of the 1994 public dispute between Virginia Electric and Power Company ("Virginia Power" or "the Utility") and Dominion Resources, Inc. ("DRI" or "the Holding Company"), to address potential problems arising from the relationship of DRI and Virginia Power as established in the Commission's Opinion and Final Order in In re: Ex Parte, Investigation of Corporation Reorganization of Virginia Electric and Power Company ("1986 Order"), Case Nos. PUE830060 and PUE960037. The 1986 Order addressed the public service implications of the reorganization of Virginia Power into a holding company structure. Among other things, the 1986 Order stressed that the Virginia Power board of directors was to retain the responsibility for the proper management of the Utility.

On June 17, 1994, the Commission entered its Order Establishing Investigation and Rule to Show Cause ("June 17, 1994 Order") in Case No. PUE940040, to investigate the current operations of Virginia Electric and Power Company and all affiliates arrangements and contracts between Virginia Power and Dominion Resources, Inc. The June 17, 1994 Order also ordered DRI to show cause why it should not be found to have violated the Commission's 1986 Order, which concluded the Commission's investigation of the reorganization of Virginia Power into a holding company structure. The June 17, 1994 Order further directed DRI and Virginia Power to provide the Commission not less than 21 days prior written notice of any proposed change in the board or management of Virginia Power.

By order dated August 24, 1994 ("August 24, 1994 Order"), the Commission transferred from Case No. PUE940040 to Case No. PUE940051 all issues that did not involve inquiries of a judicial nature into past conduct for the purpose of determining and penalizing failures to observe Commission orders, regulations or other applicable law, or judicial actions necessary to maintain the status quo during the pendency of the case. Specifically, the matters not transferred to Case No. PUE940051 were the "show cause" aspects of Case No. PUE940040, which were directed at determining whether the 1986 Order had been violated, and whether certain conditions should be imposed on the two companies during the pendency of the case. The August 24, 1994 Order stated that the new proceeding, Case No. PUE940051, was instituted "to investigate the DRI/Virginia Power relationship, and how it may affect, beneficially or adversely, the public interest associated with Virginia Power's obligations to furnish adequate and reliable service at just and reasonable rates."

Staff filed an interim and a final report in Case No. PUE940051,[1] dated December 1, 1994, and April 2, 1995, respectively. These reports contained sections from two Staff consultants, The Liberty Consulting Group ("Liberty") and Dr. J. Robert Malko. Both consultants identified existing

[1] An additional report was filed by Commission Staff regarding the 1988 renegotiation of the Virginia Power coal transportation contract with CSXT. Staff's report of January 23, 1995, alleged that as of May 31, 1994, Virginia Power incurred excessive fuel costs of approximately $8.3 million on a Virginia jurisdictional basis. Staff recommended disallowance of these excessive costs and recommended that the utility examine all alternatives available to mitigate the potential impact of excessive fuel costs on the utility prospectively. By order dated May 9, 1995, the Commission accepted Virginia Power's proposal to credit $8.3 million to its deferred fuel account for the Virginia jurisdictional portion of the amount in controversy for the period through May 31, 1994, to address any excessive fuel costs related to the CSXT coal transportation contract as amended for the period after May 31, 1994, in future proceedings, and to initiate contract negotiations with CSXT and pursue other alternatives to reduce coal transportation charges.

The CSXT contract which Staff felt to be objectionable was amended on August 10, 1995. These amendments, as well as the treatment of coal transportation costs for the period June 1, 1994, through August 10, 1995, will be addressed in a Staff report filed in the appropriate fuel factor dockets.

and potential problems and formulated conclusions and recommendations. Virginia Power and DRI filed their separate responses on September 9, 1995, and Commission Staff filed its comments and recommendations ("Comments") on March 15, 1996.

By order of May 24, 1996 (May 24, 1996 Order"), in Case No. PUE940051, the Commission noted that Virginia Power and DRI had made various changes based on the recommendations in Staff's reports. Further, the Commission specifically directed Virginia Power to adopt conflict-of-interest standards, file an independent certified annual audit of affiliate transactions each year with its Annual Report of Affiliate Transactions, and to address, in its upcoming expanded Annual Informational Filing the extent to which Virginia Power is paying for duplicate executive services from DRI, if any. The Commission noted that certain recommendations, while apparently necessary at earlier stages of the dispute between DRI and Virginia Power, were not then needed, due to positive changes that had taken place and the relative harmony that appeared to have taken hold. The Commission continued Case No. PUE940051 to July 12, 1997, to evaluate what further recommendations, if any, should be implemented.

All actions required by the May 24, 1996 Order have been taken. The Virginia Power Board of Directors adopted a policy statement and procedures relating to conflict-of-interest on September 20, 1996. Further, the issue of Virginia Power payments for duplicate executive services was addressed in Staff's Report filed in the Company's 1995 Annual Informational Filing, Case No. PUE960036, which case has been consolidated into the Company's application for alternative regulation, Case No. PUE960296.

In light of the changes noted herein and in our previous orders and the relative harmony that appears to have continued over the past year, the Commission is of the opinion and finds that Case Nos. PUE940040 and PUE940051 should be closed. The Commission is, however, prepared to act to protect the public interest should circumstances similar to those existing in the Spring of 1994 arise again. We further find that Virginia Power and DRI should no longer be required to provide the Commission prior written notice of changes to Virginia Power's board or management. Virginia Power should, however, continue to file an independent certified annual audit of affiliate transactions each year with its annual audit of affiliate transactions. Accordingly,

IT IS ORDERED THAT:

(1) Virginia Power and DRI are no longer required to provide the Commission 21 days prior written notice of any proposed change to the board or management of Virginia Power.

(2) Virginia Power shall continue to file an independent certified annual audit of affiliate transactions each year with its Annual Report of Affiliated Transactions.

(3) Case Nos. PUE940040 and PUE940051 are closed and placed in the Commission's file for ended causes.

CASE NO. PUE940041
APRIL 11, 1997

APPLICATION OF
APPALACHIAN POWER COMPANY

For Approval of an Experimental Demand-Side Management Program

DISMISSAL ORDER

On June 15, 1994, Appalachian Power Company ("APCO" or "the Company") filed an application with the State Corporation Commission ("Commission") for approval to conduct its Home Energy Fitness Program ("HEF program"), a demand-side management ("DSM") pilot program. The HEF program was available to residential customers in the Company's Roanoke, Virginia service area. Through this program, qualifying customers could receive a comprehensive energy audit of their home (including a blower door evaluation) and a variety of energy conservation measures installed free of charge.

On January 27, 1995, the Commission approved the HEF program for two years as a two-phase program with participant goals of 1,000 per phase. In accordance with the directives set out in the January 27, 1995 Order, the Company filed two interim reports.

On March 3, 1997, APCO filed its Evaluation Report for the Home Energy Fitness pilot program. In that report, the Company noted that the HEF program net total annual energy savings was 2,634 MWh, which corresponds to a 2,210 ton reduction in carbon dioxide emissions, a 15.5 ton reduction in sulfur dioxide emissions, and a 9.9 ton reduction in nitrogen oxide emissions. According to the Company, each participant experienced an average savings of 1,374 kWh at the meter. The net total demand reduction was 1,010 kW in winter and 243 kW in summer, including 11% transmission and distribution loss savings. These impacts translate into 0.50 kW and 0.13 kW net reductions per participant at the meter in winter and summer, respectively.

The Company's report stated that the HEF Program was found to be cost effective based upon the Total Resource Cost ("TRC") and Utility Cost ("UC") economic tests. However, the Ratepayer Impact Measure ("RIM") results were strongly negative. By letter dated March 14, 1997, APCO indicated its intent to terminate the HEF program.

By letter filed March 25, 1997, the Commission Staff indicated that it did not oppose termination of the HEF program.

NOW, upon consideration of the foregoing, the Commission is of the opinion, and finds that the Company should be permitted to terminate its HEF pilot program. Our decision in this regard should not be construed as a determination of the reasonableness of or a decision to allow recovery of the associated program costs. Recovery of these costs is more properly the subject of a subsequent proceeding in which the Company may offer evidence identifying and supporting its program expenditures.

Accordingly, IT IS ORDERED THAT the Company may terminate the HEF pilot program, and that this matter shall be dismissed from the Commission's docket of active proceedings.

CASE NO. PUE940056
JUNE 13, 1997

APPLICATION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For approval of experimental demand-side management program

DISMISSAL ORDER

On September 2, 1994, Northern Virginia Electric Cooperative ("NOVEC" or "the Cooperative") filed an application requesting approval to implement its Expanded Energy Audit Pilot Program ("EEAP"), an experimental program designed to promote conservation, efficient use of electricity and load management. The EEAP was available to a maximum of 100 qualifying participants residing in the Nottingdale and Stonington subdivisions of its service territory.

Through this program, qualifying customers could receive a comprehensive energy audit and incentives designed to encourage the implementation of suggested energy efficient measures. These incentives were in the form of co-payments by the Cooperative for the installation of the recommended energy efficient measures and options for interest-free extended payments of customers' share of the costs.

On January 27, 1995, the Commission approved the EEAP program for a twelve month period. The program closed to participants on March 23, 1996, and monitoring of the 47 customers participating in the program continued through December of 1996. In accordance with the directives set out in the Commission's January 27, 1995 Order, the Cooperative filed interim reports and a final report.

In its Final Report dated February 28, 1997, NOVEC noted that the actual savings of the EEAP showed an average annual reduction of 1,684 kWhs, or savings of approximately 7.1% per customer. Corresponding demand reduction averaged 0.312 kW in the winter and 0.267 kW in the summer which represented approximately 1.9% and 3.1% of the average non-coincident customer demand, respectively. Actual reductions of energy and demand achieved, respectively, only 70% and 45% of expected modeled results. Although these results are less than expected, they were consistent with data showing that building insulation value increased from an average of R-23 to R-37 and that air infiltration decreased from 2,740 cubic feet per minute to 2,240 cfm.

Based on a survey of customer satisfaction and the results of the cost/benefit analysis included in the Cooperative's report, the EEAP was cost-effective only when the Participants' Test was used. Results of the Utility Test indicated that NOVEC incurred significant costs with its EEAP program. The Total Resource Cost Test showed only marginal benefit, and the Ratepayer Impact Measure ("RIM") results were strongly negative. NOVEC stated that, although the EEAP provided participants with energy savings, it did not believe that its EEAP program should be continued.

In a summary report filed on June 11, 1997, the Commission Staff supported NOVEC's decision to terminate the EEAP program. Staff noted the results of the various tests and the significance of the RIM Test results in today's evolving electric industry.

NOW THE COMMISSION, having considered the matter, is of the opinion that NOVEC should be permitted to terminate its EEAP program. Our decision in this regard should not be construed as a determination of the reasonableness of or a decision to allow recovery of the associated program costs. Recovery of these costs is more properly the subject of a subsequent proceeding in which the Company may offer evidence identifying and supporting its program expenditures. Accordingly,

IT IS ORDERED THAT NOVEC may terminate the EEAP experimental program and that this matter shall be dismissed from the Commission's docket of active cases.

CASE NO. PUE950003
FEBRUARY 19, 1997

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For a general increase in rates

FINAL ORDER

Virginia-American Water Company ("Virginia-American" or "Company") filed an application for a general increase in rates on December 30, 1994, requesting an increase in its rates to produce additional annual revenues of $2,362,817, based on a test year ending September 30, 1994. The Commission suspended implementation of the proposed rates through May 31, 1995. On June 1, 1995, the Company implemented the proposed rates on an interim basis, subject to refund.

On August 16, 1995, the City of Hopewell ("Hopewell"), a Protestant, moved to dismiss the application on the grounds that the application failed to comply with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rate Case Rules"). The Hearing Examiner issued an Interim Report on September 28, 1995, finding that the application could not be considered filed according to the Rate Case Rules and recommending the Commission order the refund, with interest, of all interim rates collected since June 1, 1995. Virginia-American

supplemented its application on November 1, 1995. On December 6, 1995, the Commission entered an order finding the application complete as of November 1, 1995, thus permitting renewed implementation of interim rates on December 1, 1995. The order also directed that all interim rates collected prior to December 1, 1995, be refunded with interest at the conclusion of the proceedings. Thereafter, the matter proceeded to hearing on May 1, 1996.

On December 13, 1996, the Hearing Examiner issued his Report, in which he made the following findings and recommendations:

(1) The twelve months ending September 30, 1994, is an appropriate test period in this case;

(2) The Company's test year operating revenues, after all adjustments, were $24,391,748;

(3) The Company's test year operating revenue deductions, after all adjustments, were $19,496,455;

(4) The Company's test year net operating income and adjusted net operating income, after all adjustments, were $4,895,293 and $4,887,675, respectively;

(5) The Staff's proposed accounting recommendations and adjustments, except as modified [in the Report], are just and reasonable and should be adopted;

(6) The Company's current rates produced a return on adjusted end of test period rate base of 8.63%, and a return on equity of 9.21%;

(7) The Company's short-term debt should be reflected on a thirteen month average rather than the end of period balance;

(8) The Company's current cost of equity is 9.70% to 10.70%, and the midpoint of the range, or 10.20%, should be used to calculate the Company's overall cost of equity and revenue deficiency;

(9) The Company's overall cost of capital, based on the December 31, 1995 capital structure of Virginia-American, and a 10.20% cost of equity, is 8.821% to 9.328%;

(10) The Company's end of test period rate base, after all adjustments, is $56,656,397;

(11) The Company requires additional gross annual revenues of $361,697 to earn a reasonable rate of return on rate base;

(12) The $361,697 rate increase should be allocated as follows: Alexandria: $161,818; Hopewell: $89,314; Prince William: $110,564;

(13) The construction expenditures incurred to date by the Company in the Hopewell District are reasonable and prudent. However, Staff and the Company should review the remaining six capital improvements expenditures planned for the near future in this district to determine the necessity of the projects and potential rate impact;

(14) The Company's rate design and terms and conditions of service should be modified in accordance with the recommendations contained in this Report;

(15) The Company should file permanent rates designed to produce the additional revenues found reasonable herein using the revenue apportionment methodology recommended in this Report; and

(16) The Company should be required to promptly refund, with interest, all revenues collected under its interim rates, effective December 1, 1995, in excess of the amount found just and reasonable herein and refund all of the revenues collected under interim rates between June 1, and November 30, 1995.[1]

Comments and exceptions were filed by Virginia-American, Hopewell, and by the City of Alexandria and the Hopewell Committee for Fair Water Rates ("Committee"), which also participated as Protestants herein. The Commission Staff also participated in the proceedings.

NOW THE COMMISSION, having considered the Examiner's Report, the comments and exceptions thereto, the record herein and the applicable statutes and rules, is of the opinion and finds that the recommendations and findings of the Examiner, with the exceptions noted below, are reasonable and will be adopted.

At pages 3-4 of his Report, the Examiner discusses and makes recommendations on the issues of tank painting, payroll, waste disposal and chemicals expenses. The Examiner recommended adoption of the Staff adjustments for each of these expenses. Staff adjusted the waste disposal and chemicals expenses through what is termed "the pro forma period ending March of 1995."[2] The Examiner found the "additional expenses requested by the Company in each instance occurred after the pro forma year and therefore should not be allowed,"[3] citing Schedule 14.II.c of the Rate Case Rules, which states:

---

[1] Report of Howard P. Anderson, Jr., December 13, 1996 ("Report"), at 28-29.

[2] Report, at 4.

[3] Ibid. (Emphasis added.) A close examination of the record reveals this statement to be in error. The "pro forma" period ended September 30, 1995; the Staff's examination included all expenses through March of 1995.

> Proforma adjustments shall be limited to the amount of increase or decrease that will be in effect during the rate year. Proforma adjustments are also limited to changes occurring during the 12 months past the test year, with the exception of fuel factor expenses and revenues.

The Company took exception to the Examiner's interpretation of this rule, arguing that all changes that occur during the rate year should be recognized, not merely those that occur during the pro forma period. The Examiner correctly rejected this interpretation of the rule. Pro forma adjustments are permissible for changes occurring during the 12 months next succeeding the test period. In this case, the pro forma period contemplated by the rule ended on September 30, 1995, as the Examiner recognized at page 3 of the Report. The Company's interpretation of the rule is erroneous. Adjustments may not be made for changes occurring in any part of the rate year that extends beyond the 12 months next succeeding the test period.[4] The tank painting and payroll expenses in question occurred in the rate year but more than 12 months past the end of the test period. The Rate Case Rules require that these adjustments proposed by the Company be rejected.

The remaining expenses discussed at the referenced pages of the Report--waste disposal, chemicals, and salary for the newly hired executive secretary--were apparently rejected by the Examiner not because they were found by him to be unreasonable, but because they reflected changes that occurred after "the pro forma period ending March of 1995."[5] These expenses are not prohibited by the rule. While these expenses occurred after the Staff audit, they did occur in the proforma period that ended September 30, 1995. Staff's audit updated expenses through March 31, 1995, but the hearing did not occur, for reasons set out above, until May 1, 1996. The Commission agrees that under ordinary circumstances cutting off review of revenues and expenses at some point before the hearing is necessary to preserve all parties' ability to have meaningful discovery and participation in proceedings. The cut-off is generally warranted, and it is a practice the Commission expects to continue. In this case, however, the hearing was 13 months after the cut-off, and it does not appear the expense issues were presented in a way that would prevent examination by Staff or other parties. We find no reason to disallow the expenses, and we will allow their recovery in cost of service.

On page 9 of his Report, the Examiner found that "additional management cost of $33,551 to Virginia-American should be eliminated. . . . There is absolutely no evidence that Virginia-American caused the increased management cost, or that its customers are receiving additional benefit from this increased cost." These statements by the Examiner are correct, but inapposite. The American Water Works Service Company ("Service Company") provides management services to Virginia-American and a number of other subsidiaries, one of which, Ohio Suburban Water Company, was sold during the pro forma period. The adjustment adopted by the Examiner appears to be based on the simple fact of the sale and not because the Service Company was, in fact, overstaffed or that its expenses were otherwise excessive. The record indicates that staffing at the Service Company was undertaken with the sale of Ohio Suburban in view, and that the staff of the Service Company remains fully employed in providing services to the remaining subsidiaries. We will allow recovery of the "Ohio Suburban" adjustment.

On pages 11-12 of the Report, the Examiner discusses an adjustment proposed by the Staff to capture for Virginia-American a portion of federal income tax savings realized by its parent company, American Water Works ("AWW"), but attributable, in Staff's opinion, to payments made by Virginia-American to its parent. AWW issues debt and equity in the financial markets. Interest paid on the debt is deductible when AWW computes its federal income tax. In turn, AWW invests the proceeds of its debt and equity issuances in the equity of its subsidiaries, including Virginia-American. Virginia-American pays dividends, which are not deductible, to AWW on this equity. In Staff's view, Virginia-American ratepayers directly support a portion of AWW's debt issuances and a corresponding portion of the tax deductions should be allocated to Virginia-American. The Examiner rejected the proposed adjustment, finding that the Company "benefits by having its parent, American Water Works, provide its equity financing. To this end, American Water Works must secure these funds on the financial markets, thereby incurring interest expense which offsets its tax liability. While American does receive dividends as the sole stockholder of Virginia-American, these proceeds should be viewed as a normal return on equity for American Water Works' investment and not as a payment of interest."[6]

Hopewell and the Committee took exception to this finding of the Examiner. These Protestants argue that the adjustment is "designed to eliminate non-existent ("phantom") income tax expenses from Virginia-American's revenue requirements. Neither Virginia-American nor its parent company will ever be required to pay the income taxes that are the subject of Staff's adjustment."[7]

We find that the Staff's adjustment should be approved. Under the record of this case, tax benefits accruing to AWW are clearly supported by payments it receives from Virginia-American. The tax benefits in question are due solely to the debt of the parent that was invested in its operating subsidiaries and the Service Company. Virginia-American's customers should share the benefits under the circumstances of this case.

At pages 13-17 of the Report, the Examiner discusses the Company's cost of equity capital. He finds that this cost is within the range of 9.7% to 10.7%, and recommends that rates be set at the mid-point, 10.2%, of this range. We find instead that the record supports a cost of equity range of 10.2% to 11.2%, and direct that rates be set using the mid-point, 10.7%, of this range.

Finally, at page 6 of the Report, the Examiner discusses a recommendation from Staff's consultant that Section 2.5 of Article III of the Service Agreement between Virginia-American and the Service Company be amended to reflect that payroll expenses directly charged under Section 2.2 of that agreement are included in the calculation of support payroll and office expenses allocated to the Company under Section 2.5. This has been the practice in calculating and allocating these indirect expenses, but the language of the Service Agreement does not explicitly state the point. The Examiner found that the Service Agreement should be amended. In its exceptions, the Company requests deferral of the actual amendment until the next time a general amendment of the Service Agreement is proposed, since any amendment will require approval of all states in which AWW subsidiaries operate. The Commission will direct that the amendment be undertaken as requested by the Company, so long as it continues to abide by the historic interpretation of

---

[4] Changes occurring in the pro forma period, however, may be recognized throughout the rate year. Full annualization of these changes may be considered where the rate year begins after the end of the pro forma period.

[5] Report, at 4.

[6] Report, at 11.

[7] Comments and Exceptions of the City of Hopewell and the Hopewell Committee for Fair Utility Rates, at 4-5.

Section 2.5 to include direct expenses under Section 2.2. Should it find that, for some reason, it can no longer operate under this interpretation, the Company is directed to implement the amendment immediately.

In all other respects, the findings and recommendation of the Examiner are approved. Accordingly, IT IS ORDERED that:

(1) The findings and recommendations of the Hearing Examiner, as modified herein, are accepted;

(2) Consistent with the findings herein, the Company shall forthwith file revised tariffs designed to produce $529,278 in additional gross annual revenues apportioned among its operating districts as shown on the attached exhibit;

(3) On or before September 30, 1997, Virginia-American shall complete the refund, with interest as directed below, of all revenues collected (i) from the application of the interim rates that became effective for service rendered on and after June 1, 1995 through November 30, 1995, to the extent those rates produced revenues that exceed the revenues that would have been produced by application of the permanent base rates that were properly in effect on May 31, 1995; and (ii) from the application of the interim rates that became effective for service rendered on and after December 1, 1995, to the extent those rates produced revenues that exceed the revenues that would have been produced by the application of the permanent rates to be filed in compliance with this order;

(4) Interest upon the refunds ordered above shall be computed from the date payment of each monthly bill was due during the period the interim rates were in effect and subject to refund until the date the refunds are made, at an average prime rate for each calendar quarter. The applicable average prime rate shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin, or in the Federal Reserve's "Selected Interest Rates" (Statistical Release G.13), for the three months of the preceding calendar quarter;

(5) Interest required to be paid shall be compounded quarterly;

(6) Refunds ordered herein may be made by credit to the appropriate customer's account for current customers. Refunds to former customers shall be made by check to the last known address of such customers when the amount due exceeds $1.00. Virginia-American may retain refunds owed that do not exceed $1.00, provided that the Company maintains a list detailing each of the former accounts for which such refund is owed, and in the event that such former customers request refunds, same shall be promptly made;

(7) On or before October 31, 1997, Virginia-American shall submit to the Divisions of Energy Regulation and Public Utility Accounting a report showing that all refunds have been lawfully made pursuant to this order and itemizing all costs of the refund. The itemization of costs shall include, inter alia, computer costs, man-hours, associated salaries, costs for verifying and correcting the refund methodology, and the costs associated with any computer programming required to make the refunds;

(8) The Company shall bear all costs of the refund; and

(9) There being nothing further to come before the Commission herein, this case shall be dismissed from the docket of active cases.

NOTE: A copy of the Attachment entitled "Virginia-American Water Company Schedule of Revenue Requirements" 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. PUE950008
MAY 27, 1997

APPLICATION OF
UNITED CITIES GAS COMPANY

For a general increase in base rates

FINAL ORDER

On April 28, 1995, United Cities Gas Company ("United Cities" or "the Company") filed an application, testimony and exhibits seeking a general increase in annual revenues of approximately $810,000. The proposed rates became effective on an interim basis, subject to refund, on September 28, 1995. The Company's application was not completed until it filed a jurisdictional cost of service study on March 18, 1996, and revised schedules on May 1, 1996. Subsequently, in its Brief, the Company urged a revenue increase of approximately $771,000.

On September 4, 1996, a public hearing was held on the application before Hearing Examiner Deborah V. Ellenberg. No public witnesses or intervenors appeared at the hearing. Examiner Ellenberg filed her report on March 20, 1996. Exceptions were filed by the Company.

Examiner Ellenberg discusses and makes recommendations on numerous issues. The Examiner found that three of the issues, taken together, account for most of the differences between the revenue requirement recommended by the Company and that recommended by Staff. The three issues relate to: (i) the methodology for allocating corporate and division costs among the states based on the number of meters (not the number of individual customers); (ii) accumulated depreciation related to corporate and division plant in Tennessee, which is allocated to Virginia; and (iii) the disparity in the rate of return on common equity recommended by Staff and the Company. The Examiner finds for the Staff on the first two issues, and recommends a range of rate of return slightly higher than the range that was recommended by Staff.

In her March 20 Report, the Examiner found that:

(1) The use of a test year ending December 31, 1994, is proper in this proceeding;

(2) The Company's test year operating revenues, after all adjustments, were $27,324,798;

(3) The Company's test year operating deductions, after all adjustments, were $25,548,006;

(4) The Company's test year net operating income and adjusted net operating income, after all adjustments, were $1,839,387 and $1,776,791, respectively;

(5) The Company's test period rate base is $18,888,898;

(6) The Company's cost of equity is within a range of 10.5% to 11.5%;

(7) The Company's overall cost of capital is within a range of 9.769% to 10.220%;

(8) The Company's current rates produce a return on adjusted rate base of 9.41% and a return on equity of 9.68%;

(9) The Company's current rates are not just and reasonable because they will generate a return on rate base of 9.41%, below the recommended range;

(10) The Company is entitled to an increase in its revenue of $173,188;

(11) The Company should be required to refund, with interest, all revenues collected under its interim rates in excess of the amount found just and reasonable herein;

(12) The Company's request to withdraw its proposed introduction of three new schedules: Residential Heating and Cooling, No. 611; School Heating and Cooling, No. 621; and Economic Development Gas Service, No. 680, from consideration in this case should be granted;

(13) In future rate applications the Company should comply with undisputed Staff recommendations made in this case for filing format including, but not limited to:

a) inclusion of five columns in Schedule 11 to reflect the two layers of allocation;

b) Schedule 16 detail of all allocations (corporate, division, town and jurisdictional); and

c) jurisdictional FIT expense should be calculated using the method described by Staff witness Zaczek herein;

(14) In addition to the booking changes discussed above, the Company should book gross receipts taxes to account 408, Taxes Other, rather than recording them in the same account as property taxes; and

(15) The Company should provide evidence of compliance with those Staff booking and format recommendations adopted by the Commission prior to filing its next rate case.

NOW THE COMMISSION, upon consideration of the record and the Examiner's March 20 Report, the comments and exceptions of the Company, as well as the applicable statutes and rules, is of the opinion that the findings and recommendations of the Examiner, as modified herein, are reasonable and should be adopted. More specifically, the Commission concurs with the Examiner's findings, except as discussed below.

First, the Commission declines to accept the Examiner's recommended treatment of the Company's interest expense for an automobile leasing arrangement with its affiliate, UCG. The Company calculated its interest based on the original cost, rather than on a declining balance of the net book value, of the vehicles. The Company argued its methodology should be accepted because the terms and methodology of the vehicle lease were accepted by the Commission in its order approving the affiliate application.[1] The Staff argued that the interest expense should be calculated based on a declining balance of the net book value.

The fact that the Commission approved the affiliate agreement is a separate matter from whether the affiliate charges should be allowed for ratemaking purposes in this, or any other, proceeding. In the 1991 Order, Ordering Paragraph (7), the Commission expressly advised the Company that "the approvals granted herein shall have no ratemaking implications." Moreover, in seeking to include affiliate charges in rates, the company bears the burden of proving that the costs were reasonable.[2] Here, the record shows no attempt by the Company to demonstrate that the costs associated with the leasing arrangement were reasonable. For example, there was no evidence that the affiliate charges were less than would have been charged by an unaffiliated entity, or that the affiliate leasing arrangement was less costly than if the Company had purchased the vehicles. We will not disallow all of these affiliate costs; rather, the Commission adopts Staff's recommendation that an adjustment to calculate the interest expense based on a declining balance of the net book value of the vehicles is reasonable and appropriate. This adjustment results in a disallowance of approximately $58,000.

Second, the Commission declines to adopt the Examiner's finding with respect to a rate base adjustment for the over- or under-recovery of gas costs. In December 1994, the Company recorded an adjusting journal entry of approximately $4.3 million to reflect the proper level of purchased gas expense for Virginia. Staff requested the Company to reconcile the $4.3 million figure on an invoice-by-invoice basis. The Company responded by

[1] By Order dated February 12, 1991 ("1991 Order"), in Case No. PUA900052, the Commission authorized a number of the Company's affiliate arrangements, including its leasing arrangement, with UCG.

[2] The Virginia Supreme Court has stated that "the Commission's approval of a service agreement pursuant to Code § 56-77 is not equivalent to a finding that the affiliate costs have been proved satisfactorily under Code §§ 56-78 and -79," Commonwealth Gas Services v. Reynolds Metals, 236 Va. 362, 367-68 (1988), and that the utility and its affiliate carry the burden of producing affirmative evidence of the reasonableness of the charges. Id. at 368.

sending a data response on February 23, 1996, which provided support for only $4.1 million.[3] On May 20, 1996, prior to the filing of Staff's testimony, the Company sent a revised data response which purported to support an adjustment of $4.3 million. In response to Staff's questioning concerning the discrepancy between the $4.1 million and the $4.3 million, on May 21, the Company sent two facsimiles; the first stated that the "previously provided schedule showing [$4.1 million] was calculated incorrectly and should be disregarded. No reconciliation is necessary." In the second facsimile, the Company reiterated that the $4.1 million figure was incorrect and should be disregarded, but also stated that "the reason(s) for the difference in the two numbers is unknown." (Tr. at 123.) The second facsimile also stated that both numbers "are based on actual invoices." Id.

At the hearing, Staff Witness Zaczek explained that the Staff had used the $4.1 million figure because it could "trace the effect of the reallocation to each gas invoice for every month that the costs were misallocated" for the Company's first reconciliation (the $4.1 million), but the same "level of detail is not present in the Company's second reconciliation." Id. at 31-32. In short, the Company did not provide sufficient information to enable Staff to check the calculation of the $4.3 million amount. When asked on cross examination whether the Company had filed any work papers or narrative testimony explaining the difference between the $4.1 million figure and the $4.3 million figure, the Company Witness responded, "No, I did not," and simply stated that she had relied on the February 23, 1996 data response (Tr. at 125).

The Company was given several opportunities to reconcile the difference between the $4.1 million and the $4.3 million figures and to support the $4.3 million. The Company did not carry its burden of proof with respect to the $4.3 million. The Staff stated that it could trace the $4.1 million to each gas invoice for every month involved; therefore, the Commission finds that the $4.1 million figure should be used to calculate the appropriate adjustment to deferred gas costs included in rate base.

With respect to the self-funded trust for employee medical and dental expenses, the Examiner found that the Company should record on its books only the level of claims that are actually paid from the trust. The Company does not object to the Examiner's recommendation for ratemaking purposes; however, the Company argues that it should not be required to change the method by which it keeps its books. The Company states that it must adhere to Generally Accepted Accounting Principles which requires that the Company keep its books on an accrual method and that the books reflect an estimate of claims incurred during the accounting period, but not yet processed, in addition to the level of claims actually paid.

We will not require the Company to change the booking of these expenses; we will, however, require the Company to maintain sufficient documentation to allow appropriate adjustments in future AIFs and rate cases. Documentation supporting actual claims payments shall be filed with Company workpapers in all future filings.

In conclusion, the Commission finds that:

(1) The findings and recommendations of the Hearing Examiner, as stated in her March 20 Final Report and as modified herein, are adopted;

(2) Consistent with the findings discussed herein, the Company requires $102,838 in additional gross annual revenues to have an opportunity to earn a return on equity in the range of 10.5% to 11.5%; and

(3) The Company should file permanent rates designed to produce the additional revenues found reasonable herein using the revenue apportionment methodology proposed by the Staff.

Accordingly, IT IS ORDERED:

(1) That United Cities' application for a general increase in rates be granted to the extent provided herein and denied otherwise;

(2) That, on or before June 15, 1997, the Company shall file revised schedules of rates and charges and revised terms and conditions of service consistent with the findings herein, effective for service rendered on and after September 28, 1995;

(3) That, on or before July 31, 1997, the Company is directed to recalculate, using the rates being established by this Order, each bill it rendered that used, in whole or in part, the interim rates being replaced by the rates established by this Order. In each instance where application of the rates being established by this Order yields a reduced bill to the customer, the Company is directed to refund, with interest as directed below, the difference;

(4) That interest upon such refunds shall be computed from the date payment of each monthly bill was due during the interim period until the date refunds are made, at an average prime rate for each calendar quarter. The applicable average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin, or in the Federal Reserve's Selected Interest Rates, for the three months of the preceding calendar quarter;

(5) That the interest required to be paid shall be compounded quarterly;

(6) That the refunds ordered in paragraph (3) above may be accomplished by credit to the appropriate customer's account for current customers (each refund category being shown separately on each customer's bill). Refunds to former customers shall be made by a check to the last known address of such customers when the refund amount is $1.00 or more. United Cities may offset the credit or refund to the extent no dispute exists regarding the outstanding balances of its past or current customers. To the extent that outstanding balances of such customers are disputed, no offset shall be permitted for the disputed portion. United Cities may retain refunds owed to former customers when such refund is less than $1.00; however, the Company shall prepare and maintain a list detailing each of the former accounts for which refunds are retained and in the event such former customers request refunds, same shall be made promptly. All unclaimed refunds shall be handled in accordance with Virginia Code § 55-210.6:2;

(7) That on or before August 31, 1997, United Cities shall file with the Commission's Division of Energy Regulation a document showing that all refunds have been lawfully made pursuant to this Order and itemizing the costs of the refund and account charged;

---

[3] The February 23 data response and the other documents discussed in this paragraph may be found in Exh. PLZ-11.

(8) That United Cities shall bear all costs of the refund directed in this Order;

(9) That the Company shall forthwith maintain its records as discussed herein;

(10) That the Company shall provide documentation of adherence to booking changes adopted in this proceeding within 90 days of this Order to be filed with the Director of Public Utility Accounting; and

(11) That there being nothing further to come before the Commission in this matter, this case shall be removed from the Commission's docket and the papers placed in the file for ended proceedings.

CASE NO. PUE950008
JUNE 19, 1997

APPLICATION OF
UNITED CITIES GAS COMPANY

For a general increase in base rates

AMENDING ORDER

On May 27, 1997, the Commission entered its final order for this matter ("May 27, 1997 Order"). Ordering paragraph two of the May 27, 1997 Order states as follows:

> (2) That, on or before June 15, 1997, [United Cities Gas Company ("United Cities:)] shall file revise schedules of rates and charges and revised terms and conditions of service consistent with the findings herein, effective for service rendered on and after September 28, 1995.

Ordering paragraph two should have directed United Cities to file revised schedules and terms and conditions, effective for service rendered on and after September 29, 1995. Accordingly,

IT IS ORDERED THAT the text for ordering paragraph 2 of the May 27, 1997 order be replaced with the following paragraph:

> (2) That, on or before June 15, 1997, the Company shall file revised schedules of rates and charges and revise terms and conditions of service consistent with the findings herein, effective for service rendered on and after September 29, 1995.

CASE NO. PUE950033
OCTOBER 14, 1997

APPLICATION OF
COMMONWEALTH GAS SERVICES, INC.

For a general increase in natural gas rates

ORDER ON INCENTIVE-BASED MECHANISMS

On May 15, 1995, Commonwealth Gas Services, Inc. ("Commonwealth" or "the Company") filed a general rate application to revise its rates and tariffs. Among other things, the Company's application included tariff revisions that would authorize the Company to retain certain revenues derived from capacity release and off-system sales with its ratepayers.

The matter was heard on January 16, 1996, wherein Commonwealth offered a Stipulation and Recommendation ("Stipulation") that set forth a proposed disposition of the application. The Stipulation was supported by the Company, Staff, and the Protestants in this case.[1]

On March 12, 1996, the Examiner issued his report recommending approval of the Stipulation.

On April 24, 1996, the Commission issued an order modifying and accepting the settlement and bifurcating the proceeding into two phases -- Phase I for the consideration of Commonwealth's proposed tariff revisions, and Phase II for the further review of the Company's proposed revenue-sharing incentives for capacity release and off-system sales. The April 24 Order remanded Phase II to the Hearing Examiner and authorized Commonwealth to place its modified incentive plans in effect on an interim basis, subject to refund, effective January 1, 1996.

A hearing on the issues remanded in Phase II was convened on September 17, 1996. On March 20, 1997, the Hearing Examiner issued his report wherein he made the following findings:

---

[1] Hereafter, Protestants AlliedSignal, Inc.; Celanese Fibers, Inc.; E.I. du Pont de Nemours & Co., Inc.; ICI Americas, Inc.; LG&E Power Systems; Owens-Brockway Glass Container, Inc.; Reynolds Metals Company; Ross Laboratories; Virginia Fibre Corporation and Westvaco Corporation shall be collectively referred to as "the Industrial Protestants".

1. The Company's proposed incentive programs, as revised, for capacity release and off-system sales should be approved for a period of two years from the date of implementation;

2. The Company should document and justify all operational sales and administrative capacity release information;

3. Pursuant to paragraph 4.C.(1) of the Stipulation and Recommendation, the Company should provide a detailed monthly report to the Commission Staff containing historical as well as current data reflecting Commonwealth's operations under the incentive proposals; and

4. The Company should make semiannual reports to Staff pertaining to customer service.

The Hearing Examiner recommended that the Commission enter an order that adopted the findings in the Report, approved a two-year pilot incentive off-system sales and capacity release program and dismissed the case.

On April 4, 1997, Comments to the Hearing Examiner's report were filed by the Company, the Industrial Protestants, and the Commission Staff.

NOW, upon consideration of the evidence, the March 20, 1997 Hearing Examiner's Report in Phase II, and the Comments filed in response thereto, the Commission is of the opinion and finds that Commonwealth's incentive mechanisms should be evaluated as a pilot program under § 56-234 of the Code of Virginia. This appears to be the statute Commonwealth relies upon in support of its revised incentives. Moreover, it is our opinion that Commonwealth should be permitted to continue its capacity release incentive pilot, with the modifications described below, through October 18, 1997, because this program may acquire information about the capacity release market which is or may be in furtherance of the public interest.

We are, however, unable to draw the same conclusion about the Company's off-system sales incentive for the reasons discussed later in this order.

CAPACITY RELEASE INCENTIVE

In its testimony filed in Phase I of this proceeding, Commonwealth proposed to share revenues from its capacity release[2] activities on a 50/50 basis with the customers subject to its purchased gas adjustment ("PGA") clause. It proposed to exclude from capacity release revenues any capacity release transaction that is defined by the Company as necessary to facilitate the scheduling and balancing of its system gas supply on interstate pipeline systems, i.e., administrative releases, or to avoid penalties on upstream pipelines.

In response to objections from the Industrial Protestants and Staff, Commonwealth revised its proposals in its Phase I rebuttal testimony to share revenues with the customers based on progressive incentive tiers. Under its revised capacity release proposal, if Commonwealth's annual capacity release revenue were in the range of zero and $500,000, the Company would credit customers subject to the PGA with all capacity release revenues, plus an amount equal to 50% of the difference between the capacity release revenues attained and $500,000.[3]

For marketed levels of capacity release greater than $500,000 but less than $630,000,[4] the Company would flow through the PGA, in addition to all of the capacity release revenues collected, an amount equal to 35% of the difference between the actual revenue attained and $630,000.[5] Where capacity release revenues exceed $630,000, but are less than $760,000, the Company would retain 35% and the ratepayers 65% of the revenue that exceeds $630,000.[6] If the total annual revenue exceeds $760,000, the revenues flowed to ratepayers subject to the PGA will be 65% of the $130,000 between $630,000 and $760,000, and 50% of the revenues that exceed $760,000.

Commonwealth also proposes a pro-rata reduction of the $630,000 benchmark to account for capacity over which it would no longer have control or access. According to the Company, such a reduction would be necessary where, for example, a small customer service unbundling program is initiated and a certain percentage of the Company's capacity is assigned to alternative providers.

During the course of the Phase II proceeding, Staff endeavored to link Commonwealth's operational performance and service quality with the implementation of Commonwealth's proposals. Obviously, pipeline safety and excellence in operating performance are necessary for the successful delivery of gas service and gas supply. Hence, we agree with the Hearing Examiner's determination that Commonwealth should file semi-annual reports with the Division of Energy Regulation concerning the Company's customer service performance.

We also find that a more ambitious incentive threshold for sharing revenues than the one recommended by the Examiner should be established for Commonwealth. The Company's historical performance with regard to capacity release demonstrates that comparatively few capacity release transactions occurred during the initial period of such activity. Total marketed capacity release revenues for the first year were $387,181. However, for the second year, November 1994 through October 1995, marketed capacity release revenues totaled $885,292.

---

[2] Capacity release refers to the sale, or release, of the Company's temporary excess transmission capacity rights on upstream pipelines to interested parties.

[3] For example, if the Company makes $300,000 in capacity release sales, the Company would flow through to the PGA customer all of the $300,000, plus one-half of the difference between $500,000 and the amount flowed through ($300,000) or $100,000, for a total of $400,000.

[4] Commonwealth's benchmark of $630,000 for its capacity release incentive is based on the Company's historical level of marketed capacity release. This benchmark approximates the Company's annual average capacity release revenues for the two-year period November 1993 through October 1995.

[5] For example, if the Company makes $600,000, a Commonwealth customer subject to the PGA would receive $600,000 plus 35% of the difference between $630,000 and $600,000 for a total of $610,500.

[6] For example, if revenues from capacity release sales total $700,000, the ratepayers subject to the PGA would receive through the PGA all of the revenues attained, i.e., $630,000, plus 65% of the difference between $630,000 and $700,000 or $45,500, for a total of $675,500.

In view of the second year's sharply increased capacity release activities, we find it appropriate to establish $750,000 as the minimum trigger for the Company's capacity release incentive mechanism. Under the simplified incentive adopted herein, Commonwealth shall credit its PGA with all capacity release revenues, plus 50% of the difference between the revenue attained and $750,000, for marketed capacity releases between zero and $750,000.[7] If capacity release revenues exceed $750,000, Commonwealth must credit its PGA with $750,000, plus 50% of the revenue in excess of $750,000, and may retain the balance.[8] This revised mechanism shall be substituted for the Company's interim proposal which became effective on January 1, 1996, and shall continue through October 18, 1997. On or before November 14, 1997, Commonwealth shall file a report with the Staff concerning the results of its pilot.

After October 18, 1997, Commonwealth's proposals in Case No. PUE970455 regarding capacity release will become effective on an interim basis, subject to refund. Our acceptance of a modified pilot program in this case should not be regarded as dispositive of the issues regarding capacity release now pending in Case No. PUE970455. We will direct our Staff to evaluate and the Hearing Examiner to make recommendations in pending Case No. PUE970455, concerning whether Commonwealth's capacity release proposals should be implemented and, if so, whether the program should remain a pilot or be made permanent, and whether the benchmark for sharing or other program features of that proposal should be modified. Additional issues to be considered in Phase I of Case No. PUE970455 should include how the Commonwealth Choice Program will impact the Company's capacity release proposals, and if the capacity release incentive is discontinued, how the revenues and profits associated with the incentive mechanism should be treated.

Under the capacity release mechanism authorized herein, Commonwealth will still retain its ability to designate certain capacity release activities as either operational and administrative or as marketed releases. Therefore, we direct our Staff to monitor Commonwealth's classification of capacity release activities.[9] Further, we will require Commonwealth to provide a monthly report to the Staff of its billed and accrued capacity releases. Moreover, the Company should respond fully to any Staff requests for information regarding its capacity release activities so that a complete evaluation of these activities may be undertaken.

OFF-SYSTEM SALES INCENTIVE MECHANISM

Off-system sales are arrangements made to sell natural gas to non-traditional buyers and, potentially, end-users located outside of the Company's service territory. Like its capacity release program, Commonwealth's original off-system sales proposal employed a 50/50 sharing of revenues from off-system sales.

Under Commonwealth's revised off-system sales pilot program, Commonwealth would credit 65% of its off-system sales profits through its PGA mechanism, up to an annual profit level of $130,000. Commonwealth and its customers would share annual profits above $130,000 on a 50/50 basis. The Company explains that the $130,000 benchmark for the mechanism was selected based on the difference between the $630,000 benchmark and $500,000 level contained in the Company's proposed capacity release incentive mechanism. This record does not demonstrate how Commonwealth's off-system sales transactions are related to its capacity release activities.

Moreover, Commonwealth has had little historical experience with off-system sales. For example, as of March 1995, the Company had sold a total of 38,470 Dths and received revenues totaling $53,896.47. The profit calculated on these sales was $1,192.57. The record also indicates that Commonwealth has contracted in the first eight months of 1996, for 19 off-system sales with gross margins totaling $667,000, although these sales had not closed. Because the Company's proposed benchmark for its off-system sales incentive bears no relationship to its historic off-system sales experience and there is no other basis supporting this benchmark, we are unable to conclude that this proposal has provided or is likely to yield meaningful information which is or may be in the furtherance of the public interest. Therefore, we reject this proposal and will direct the Company to terminate its off-system sales pilot by October 18, 1997, and return all profits associated with these sales to its customers via its PGA and ACA mechanisms.

We note that Commonwealth has another proposal regarding off-system sales pending in Case No. PUE970455. This tariff proposal will become effective, subject to refund, on and after October 18, 1997. Our decision in this case should not be considered dispositive of the issues regarding off-system sales raised in that case. We direct our Staff to make appropriate recommendations regarding the off-system sales proposal in Case No. PUE970455, including, but not limited to, whether this incentive mechanism should be accepted, as well as the appropriate benchmark for sharing if an incentive mechanism is accepted. In the event an off-system sales proposal is rejected in Case No. PUE970455, appropriate recommendations concerning the disposition of the profits associated with this mechanism should be made.

Accordingly, IT IS ORDERED THAT:

(1) On or before October 30, 1997, Commonwealth shall file with the Division of Energy Regulation revised tariffs, implementing the Company's capacity release pilot with the modifications directed herein, effective for service rendered on and after January 1, 1996, through October 18, 1997.

(2) On or before November 14, 1997, Commonwealth shall file a report with the Staff which describes in detail the results of the capacity release pilot accepted herein.

(3) Commonwealth shall file monthly reports with the Division of Energy Regulation, identifying in detail the Company's accrued and billed capacity releases, its operational sales and administrative capacity releases, and shall identify and provide supporting documents for its operational and

---

[7] For example, if Commonwealth makes $387,181 in capacity release sales, the Company must flow through to PGA customers all of the $387,181, plus one-half of the difference between $750,000, and the amount flowed through ($387,181), or $181,409.50, for a total of $568,590.50.

[8] For example, if Commonwealth makes $885,292 in capacity release sales, the Company would flow through to PGA customers $750,000, plus one-half of the amount exceeding $750,000 or $67,646, for a total of $817,646. The Company retains the balance, $67,646.

[9] Since Commonwealth's capacity costs are fully recovered from its ratepayers through the PGA, Commonwealth is exposed to little risk in making incremental capacity purchases. We recognize that the capacity release pilot authorized herein may offer Commonwealth an incentive to purchase excessive capacity so that it may achieve or exceed the established revenue sharing trigger. Therefore, we instruct the Staff to monitor Commonwealth's incremental purchases of capacity carefully.

administrative capacity releases. The Company shall cooperate fully with Staff and shall provide any additional information requested by Staff necessary for a comprehensive understanding of the Company's capacity release activities.

(4) The Company shall file semi-annual reports with the Staff, which provide information on its customer service efforts.

(5) The Commission Staff shall monitor Commonwealth's classification of capacity releases and shall make appropriate recommendations in testimony in Case No. PUE970455, should the Staff observe any aberrations in the Company's capacity release activities.

(6) The Company's application to implement an off-system sales pilot program is hereby denied, and this program shall be concluded by October 18, 1997. Thereafter, Commonwealth shall forthwith return the profits associated with its off-system sales incentive, which became effective on an interim basis on January 1, 1996, through the Company's PGA and actual cost adjustment mechanisms.

(7) Any remaining issues in this proceeding concerning capacity release and off-system sales shall be consolidated with and investigated as part of pending Case No. PUE970455. There being nothing further to be done herein, this matter shall be dismissed.

CASE NO. PUE950033
NOVEMBER 4, 1997

APPLICATION OF
COMMONWEALTH GAS SERVICES, INC.

For a general increase in natural gas rates

ORDER GRANTING PARTIAL RECONSIDERATION

On October 14, 1997, the Commission entered an Order on Incentive-Based Mechanisms in the captioned matter. On October 28, 1997, Commonwealth Gas Services, Inc. ("Commonwealth" or "the Company"), by counsel, filed a "Petition for Rehearing and Reconsideration and Request for Waiver of Rule to Grant Oral Argument" ("Petition").

In its Petition, Commonwealth requested that: (i) it be permitted to continue its modified revenue-sharing mechanisms through December 31, 1997; (ii) the Commission open the record to receive the reports contained in Attachment 3 to the Petition and similar future reports;[1] (iii) the Commission vacate the directions in the October 14, 1997 Order in Case No. PUE950033, calling for capacity release and off-system sales mechanisms to be addressed in Case No. PUE970455; (iv) the Commission reinstate the Company's proposed off-system sales program; (v) the Company be permitted to implement the capacity release revenue sharing threshold of $630,000; and (vi) the Commission grant a waiver of Rule 8:9 of the Rules of Practice and Procedure for the purpose of allowing oral argument.

NOW, upon consideration of the Company's Petition, the Commission is of the opinion and finds that the Company's Petition should be granted insofar as it requests that Commonwealth's capacity release incentive pilot be allowed to continue until December 31, 1997. As Commonwealth explains in its Petition, it submitted revised tariff sheets in Case No. PUE970455 that reflected the original 50/50 sharing proposals that it filed in Phase I of Case No. PUE950033. The Company asserts that it proposed no tariff changes for capacity release and off-system sales in Case No. PUE970455 since it understood that incentive-based proposals under consideration in Case No. PUE950033 would be resolved in that case.[2] Our specific determinations as to the capacity release and off-system sales pilots at issue in Phase II of Case No. PUE950033 are set forth below.

CAPACITY RELEASE INCENTIVE

After consideration of Commonwealth's Petition, we find that the Company may continue its capacity release pilot through December 31, 1997. However, this pilot shall incorporate the sharing benchmark of $750,000 identified in our October 14, 1997 Order. The Company has presented no compelling reasons in its Petition why the $750,000 sharing trigger adopted in the October 14 Order should not be employed.

First, the information Commonwealth cites to sustain its $630,000 threshold was not presented on the record or subject to the test of cross-examination. Commonwealth has had ample opportunities in both Phase I and Phase II of this proceeding in which to support its $630,000 sharing proposal for this program. In our view, the $750,000 sharing tier is supported by the record in this proceeding.

However, even if the data set out in Attachment 3 to Commonwealth's Petition had been considered in Phase II of Case No. PUE950033, these data would have not have required a lower sharing threshold. According to the Petition, Commonwealth's actual marketed capacity release revenue[3] for calendar year 1996 was $524,556. Under the sharing mechanism adopted by the Commission, Commonwealth will have to credit $524,556, together with one-half of the difference between $524,556 and $750,000, i.e., $112,722, to the ratepayers that are subject to its purchased gas adjustment ("PGA") clause. On the other hand, using the actual marketed capacity release revenues of $885,292 for the period November 1994 through October 1995, and the $750,000 sharing trigger approved in our October 14 Order, Commonwealth would have retained $67,646 above the amount credited to ratepayers

[1] Commonwealth inadvertently refers to Attachment 2 to the Petition which consists of the proposed tariff sheets filed in Case No. PUE970455. The reports were appended as Attachment 3 to the Petition.

[2] The Commission assumed that Commonwealth did not intend to change its capacity release and off-system sales proposals in Case No. PUE970455, because Commonwealth's Revised Sheet Nos. 390 and 391 filed in that case, appended as Attachment 2 to the Petition, had not been withdrawn and were among the tariffs the Company identified and requested to take effect on October 18, 1997, in Case No. PUE970455.

[3] Payment for Commonwealth's marketed capacity release is generally made by credits to the pipeline capacity charges.

through the PGA. These examples demonstrate that the $750,000 benchmark places Commonwealth at risk, but do not prove that a $750,000 benchmark is inappropriate.

Commonwealth may, of course, continue to engage in capacity release as part of its gas management activities. Its capacity release pilot addresses the issue of how the revenues from marketed capacity releases should be divided between the Company and its ratepayers through December 31, 1997. After January 1, 1998, Commonwealth shall post all revenues or credits for marketed capacity release activities to a subaccount of FERC Account No. 191, Unrecovered Purchase Gas Cost. The Hearing Examiner and participants in Case No. PUE970455 shall consider and make recommendations concerning the appropriate disposition of these proceeds in that docket. Commonwealth may file additional testimony on the issue of capacity release and the disposition of the revenues or credits related to such activities on or before November 25, 1997, in Case No. PUE970455.

OFF-SYSTEM SALES INCENTIVE MECHANISMS

In our October 14, 1997 Order, we rejected Commonwealth's proposal for an off-system sales pilot program because there was insufficient evidence to demonstrate how Commonwealth's off-system sales transactions were related to its capacity release activities and because the Company's benchmark for its off-system sales incentive bore no discernible relationship to Commonwealth's off-system sales experience.

The arguments presented by Commonwealth in its Petition do not present compelling reasons to reinstate the off-system sales pilot. The evidence in the record does not support the $130,000 trigger found in the Company's proposal. The reports set out in Attachment 3 to the Petition were not made a part of the record of this case, and Commonwealth has had ample opportunity to support its off-system sales proposal. Moreover, even if all of the data in Attachment 3 had been admitted to record, the gross margins of $770,837 for calendar year 1996 and $2,205,984 for the first eight months of 1997, do not support the $130,000 sharing benchmark that Commonwealth requests that we reinstate as part of its off-system sales pilot. Accordingly, Commonwealth's request for an off-system sales pilot is denied and all of the gross margins for off-system sales through December 31, 1997, shall be immediately returned to the Company's customers through the Company's PGA and ACA mechanisms.

Commonwealth may, of course, continue to make off-system sales.[4] After January 1, 1998, revenues and expenses associated with off-system sales shall be recorded in a subaccount of FERC Account No. 191. The Hearing Examiner and participants in Case No. PUE970455, shall consider and make appropriate recommendations concerning the disposition of the gross margins from off-system sales. Commonwealth shall file any additional testimony regarding this issue in Case No. PUE970455 on or before November 25, 1997.

Finally, we will grant Commonwealth additional time in which to file revised tariffs for its capacity release pilot. The revised tariffs shall retain the sharing triggers and reports required by our October 14 Order. In all other respects, the Company's request for reconsideration and rehearing is denied.

Accordingly, IT IS ORDERED THAT:

(1) On or before November 14, 1997, Commonwealth shall file with the Division of Energy Regulation revised tariffs implementing the Company's capacity release pilot with the modifications directed herein, effective for service rendered on and after January 1, 1996, through December 31, 1997.

(2) On or before January 23, 1998, Commonwealth shall file a report with the Staff which describes in detail the results of the capacity release pilot adopted herein. Commonwealth shall continue to file the reports with the Division of Energy Regulation directed in Ordering Paragraphs (3) and (4) of the October 14, 1997 Order on Incentive-Based Mechanisms.

(3) The Company's application to implement an off-system sales pilot program is denied. Commonwealth shall promptly return all gross margins associated with its off-system sales for the period January 1, 1996 through December 31, 1997, through its PGA and ACA mechanisms.

(4) On and after January 1, 1998, Commonwealth shall account for all of the revenues related to capacity release and all revenues and expenses related to off-system sales in subaccounts of FERC Account No. 191. These accounts shall separately identify the amounts related to marketed capacity release activities and those arising out of off-system sales.

(5) The Hearing Examiner, Commonwealth and the case participants in Case No. PUE970455 shall consider the appropriate disposition of the proceeds associated with the Company's marketed capacity release and off-system sales activities for the period after December 31, 1997, as part of Case No. PUE970455.

(6) On or before November 25, 1997, Commonwealth shall file with the Clerk of the Commission any additional testimony it wishes to offer to support its position on capacity release and off-system sales in Case No. PUE970455.

(7) In all other respects, the Company's Petition for Rehearing and Reconsideration and Request for Waiver of Rule to Grant Oral Argument is denied.

---

[4] Page 10 of the Petition asserts that "[t]o reject the off-system sales program for lack of operating history would effectively mean that no truly new pilot program could be initiated unless the utility already had the operating history that the pilot was designed to collect." The underlying activity of the pilot, off-system sales, can be undertaken in the absence of a pilot program. The only issue raised by the implementation of a pilot conducted under § 56-234 of the Code of Virginia is whether the pilot is necessary in order to acquire information which is or may be in furtherance of the public interest. In our view, Commonwealth's pilot will not gather meaningful information which is or may be in furtherance of the public interest.

CASE NO. PUE950063
AUGUST 5, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To close Schedule SG - Standby Generator; Schedule CS - Curtailable Service; and Rider J - Interruptible Electric Water Heater

ORDER MODIFYING SCHEDULES

On July 21, 1995, Virginia Electric and Power Company ("Virginia Power" or "the Company") filed an application with the State Corporation Commission ("Commission"), seeking authority to close the following rate schedules: Schedule SG - Standby Generator, Schedule CS - Curtailable Service, and Rider J - Interruptible Electric Water Heater. These Schedules are part of the Company's demand-side management efforts and provide rate credits for customers participating in these programs. Credits for these Schedules and Rider were based on the cost of new generating resources the Company could reasonably be expected to avoid or defer as a result of the Schedule or Rider being available. In its application, Virginia Power maintained that public notice was unnecessary because the changes it proposed to Rider J and Schedules SG and CS would not affect customers currently served under those Schedules and under the Rider.

On August 10, 1995, the Commission authorized Virginia Power to close the subject Schedules on an interim basis under the terms established by the Commission. That Order directed the Company to file a report with the Commission which, among other things, considered alternatives to the elimination of the Schedules and Rider J.

On February 18, 1997, Virginia Power filed its Report. In its Report, the Company studied five different strategies for its Rider J program which involves water heater controls. These strategies included: (i) Strategy A, which was to continue the program in its current state; (ii) Strategy B, under which credits to a program participant would be reduced to $12 per year; (iii) Strategy C, which would terminate the program over a five-year period; (iv) Strategy D, which would maintain the credits at a level of $48 per year for two years and then reduce the credit to $12 per year in the third year; and (v) Strategy E, as an exercise to determine the break-even point of program credits. Virginia Power updated its assumptions regarding its costs to remove control units, customer reaction to the credit reduction, attrition rates, kW demand reduction per interruption, market-based capacity costs, and the current level of credits. Given a market based capacity value of $9.00 per kW per year, the Company identified $4.00 per month in three winter billing months as an appropriate credit for Rider J and the associated water heater control program.

Virginia Power selected Strategy D as its recommended option. Under this option, the Rider J credit would remain at $48 per year for two years and then be reduced to $12 per year at the beginning of the third year. Further, the Rider J program would be closed to new customers, new tenants at existing locations, and existing customers whose load control devices failed. Virginia Power maintains that this implementation plan would result in an orderly transition where a substantial reduction in the number of program participants could be achieved with minimal cost and positive customer relations.

The Company proposed to close existing Schedules SG and CS to new participants and to "grandfather" the credits offered under these Schedules to existing participants with less than three years participation in these load management programs. Virginia Power recommended that customers with less than three years participation continue to receive a credit of $75 per kW per year through the remainder of their respective three-year contract terms with the Company. New program participants, participants who add capacity in excess of that identified in their existing contracts, and participants who will have completed 36 months of service as of the effective date of the revision of these schedules would be offered service under the revised programs with reduced credits of $9 per kW per year. Under the Company's proposal, the "grandfathered" schedules which would offer the annual credit of $75 per kW would be designated as SG-1 and CS-1. The revised schedules reflecting the $9 per kW per year credit would be designated as Schedules SG and CS.

The Company also proposed to reduce the customer charge for Schedules SG and SG-1 from $140 to $95 per month, and the customer charge for Schedules CS and CS-1 from $70 to $50 per month. According to the Company, these reductions reflect the lower cost of processing equipment. Virginia Power represents that it will conduct rate comparisons for all existing CS and SG customers and offer alternative rate schedules such as Schedule 10 and Schedule RTP where appropriate.

Finally, in its report, Virginia Power requested that any final order implementing a modification to its rate credit programs provide for an effective date of at least 60 days from the date of the order to accommodate billing system changes. It also requested a further opportunity to address the timing of the implementation of any such modifications at a future date.

On March 5, 1997, the Commission entered an Order, wherein it directed the Company to publish a public notice concerning its modifications to the affected Schedules and Rider J, and invited interested parties to file comments or to request a hearing on the Company's proposals. The same Order directed the Commission Staff to file a report addressing the Company's application and proposed modifications to the Schedules and Rider.

On May 23, 1997, Faison, the managing entity of NationsBank, filed comments opposing Virginia Power's proposed amendments to the Schedule SG credit. On May 27, 1997, Capital One Services, Inc. also filed comments opposing Virginia Power's proposed modifications to Schedule SG. Neither of these comments requested a hearing.

On June 27, 1997, Virginia Power filed its proof of notice and service in the captioned matter.

On June 13, 1997, the Staff filed its report, analyzing the Company's proposals. In its report, Staff acknowledged that it would not be appropriate to continue credits which were artificially high in view of the prospect of increased competition in the electric industry. The Staff concluded that the benefit/cost analysis provided by Virginia Power indicated that Rider J and Schedules SG and CS were not cost-effective at their present credit levels, and that modifications to the associated level of credits were justified. Staff suggested that it might be inappropriate to establish a third year credit for Rider J since the market value of generating capacity on which the rider was based was speculative. It recommended that an appropriate level of the credit should be reviewed again and reduced after two years. It proposed that customers to whom Rider J was applicable should be notified that the credit level for the Rider could be reduced after two years.

While the Staff supported the Company's modifications to Schedules SG and CS, it expressed concern about how Virginia Power's modifications could impact customers on these Schedules who were ineligible for service under alternative Virginia Power rate schedules. It recommended that the Commission consider alternatives to mitigate the impact of the Company's proposals on other customers. Staff suggested that the Commission exempt existing SG customers from the qualifying requirements of Schedule 10, a schedule now applicable to customers with loads of 500 kW or more, or, alternatively, phase-in credit reductions, using credits based on the cost of a combustion turbine ($23 per kW per year), with future schedule reductions to reflect the market value of Virginia Power's capacity.

On June 27, 1997, Virginia Power filed a request to file a reply, together with comments in response to the Staff report. In its comments, Virginia Power stated that the recommendations outlined and supported in its February 18, 1997 report addressed the concerns raised by the Staff and provided the most appropriate means to balance the objectives of minimizing costs, preserving positive customer relations, providing an orderly restructuring of the programs at issue, and maintaining operational flexibility. It requested the Commission to approve its recommendations with respect to the future disposition of Rider J, Schedule SG and Schedule CS.

Virginia Power's comments stated that its February 18, 1997, report requested an opportunity to address the timing of the implementation of any modifications to the proposed rate schedules. It noted that after its February 18 filing, Va. Code § 56-235.4 was amended so that the "expansion, reduction, or termination of existing services" now constituted an exception to the prohibition against multiple increases in the regulated operating revenues of a public utility. The Company maintained that its modifications to Schedules CS and SG and Rider J do not constitute an increase in the regulated operating revenues of Virginia Power for purposes of Va. Code § 56-235.4. It requested that the Commission proceed at its earliest convenience to implement the proposed modifications, and reiterated its request that any final order implementing a modification to the subject programs provide for an effective date at least 60 days from the date of the final order entered herein.

NOW, UPON CONSIDERATION of the foregoing, the Commission is of the opinion and finds that it should receive Virginia Power's comments to the Staff's report, and that revisions to the Company's Rider J program, including the modification proposed by the Staff in its report, were appropriate. As modified by the Staff's recommendations, the credit for Rider J would remain at $48 per year for two years. However, before the third year, the Company should provide updated information regarding its generating costs and request additional Commission approval to lower the credits for this Rider. Virginia Power should immediately advise the customers participating in the Rider J program that the credits for this program could be reduced in the third year following the issuance of this order. The other modifications to eligibility proposed by the Company for the Rider J program are reasonable and are accepted.

With respect to Schedules SG and CS, we agree with the Company and Staff that the credits associated with these Schedules should be modified. Like Staff, we are concerned that the reduction of these credits may have an unanticipated impact on existing customers who have made investments in equipment to take advantage of the Schedules and who may be ineligible to use Schedule 10 or Schedule RTP. In order to mitigate the impact of any credit reductions on customers served under these Schedules, we will direct the Company to phase-in reductions to its credits under these Schedules by first basing the credits on the cost of a combustion turbine unit ($23 per kW per year), with future scheduled annual revisions to the credits to reflect the market value of Virginia Power's capacity. Further, because the reductions in the credits provided to Schedule SG and CS customers could reduce the revenue requirements for Virginia Power's other customers, the impact of these reductions in credits should be reflected in the investigation of Virginia Power's rates now pending in Case Nos. PUE960036 and PUE960296.

ACCORDINGLY, IT IS ORDERED THAT:

(1) The Company shall forthwith file with the Division of Energy Regulation revised Schedules SG and CS and Rider J, containing the modifications required by our findings, effective for service rendered on and after September 30, 1997.

(2) The Company shall forthwith advise customers receiving credits under Rider J that credits for the third year following the issuance of this Order may be revised downward.

(3) By no later than September 30, 1999, the Company shall file an appropriate application with the Commission to establish the proper level of credits for Rider J, which considers the market value of the Company's system capacity.

(4) On or before August 15, 1997, Virginia Power shall mail a copy of this Order to the customers now served under Schedule SG and Schedule CS, or to any potential customers the Company knows may be eligible for service under these revised Schedules.

(5) On or before September 2, 1997, the Company shall file with the Clerk of the Commission proof of the service directed herein, together with a certificate showing the name, address, business affiliation, and date of the service required in Ordering Paragraph (4) above.

(6) There being nothing further to be done, this matter shall be dismissed from the Commission's docket of active proceedings.

CASE NO. PUE950089
MARCH 14, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte: In the matter of reviewing and considering Commission policy regarding restructuring and competition in the electric utility industry

ORDER

The Commission's November 12, 1996 order in this proceeding directed all investor-owned electric utilities having contracts for nonutility generation ("NUG") that impact their Virginia jurisdictional rates to file a report detailing efforts to restructure such contracts by June 1, 1997, and to file quarterly reports thereafter.

By a "Report and Motion" filed February 7, 1997, Delmarva Power & Light Company ("Delmarva" or "the Company"), advises that it has executed an amendment to its principal NUG contract which eliminates any potentially negative effect on Delmarva's rates through May 31, 2000. Delmarva's agreement with the NUG, Star Enterprises, suspends Star's obligation to provide and Delmarva's obligation to pay for capacity during the period from October 1, 1996, through May 31, 2000.

Delmarva states that it has no other NUG contracts that would have potentially negative impacts on current or future rates, and thus it anticipates no NUG contract renegotiations or restructuring prior to the year 2000.

THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Delmarva has satisfied its NUG contract restructuring and reporting requirements to the extent such contracts may have had negative effects on the Company's rates through May 31, 2000. We expect, however, Delmarva to continue to conduct negotiations, at such times in the future as may be necessary, to address potentially negative effects on the Company's rates occurring beyond May 31, 2000. Accordingly,

IT IS ORDERED THAT Delmarva is relieved of its obligation, pursuant to the November 12, 1996 order in this proceeding, to file further reports on NUG contract restructuring with the Commission until December 31, 1999. Should the Company undertake any efforts prior to December 31, 1999, for subsequent restructuring of NUG contracts, it shall report such efforts to the Commission at such earlier time.

CASE NO. PUE950097
FEBRUARY 6, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
T-L WATER COMPANY

FINAL ORDER

On August 15, 1996, T-L Water Company ("T-L" or "the Company") notified its customers of the Twin Lakes subdivision of its intent to raise its rates for water service. The Commission, having received objections from a sufficient number of those customers, declared the rates interim and subject to refund and set the case for public hearing. A subsequent application by the Company to expand its service territory to include the Greene Mountain Lake subdivision and to approve rates proposed for that subdivision was consolidated with the previously docketed matter. The combined cases were heard before Hearing Examiner Deborah V. Ellenberg on October 16, 1996. On December 19, 1996, the Examiner issued her Report.

At pages 6-7 of the Report, the Examiner found that:

(1) The Commission should grant the Company an amendment to its certificate of public convenience and necessity expanding its service area to include the Greene Mountain Lake subdivision, in Greene County, Virginia, and the amended certificate should be designated as Certificate No. W-259A;

(2) The use of combined financial data for the test period ending December 31, 1995, is proper;

(3) The proposed rates for the Twin Lakes system and the Greene Mountain system produce total test period operating water revenues of $94,598;

(4) The Company's test period rate base for the combined systems is $154,705;

(5) Those rates produce an operating loss for the combined systems of $21,455;

(6) The Company's proposed rates are just and reasonable;

(7) The Company should maintain its books and records consistent with Staff witness Miller's booking recommendations;

(8) A turn-on fee of $15.50 is reasonable;

(9) A connection fee of $890 is reasonable;

(10) In the event the Company collects a connection fee in excess of actual costs, such excess should be escrowed to offset connection costs in excess of fees and for future capital improvements;

(11) A 1 1/2% late payment fee is reasonable and the Company should refund the late payment fee collected in excess of that level since March of 1995;

(12) In its next rate case, the Company should develop a bad check charge based on the cost of processing such checks and develop a combined rate design for the Twin Lakes and Greene Mountain Lake systems; and

(13) Rule 10c should be eliminated from the Company's tariff as recommended by Staff.

Nearly all matters in controversy between the Company and the Staff were resolved by the Company's agreement to all Staff adjustments and recommendations. The exception concerns the appropriate level of connection fee the Company may charge to connect new customers on its system, together with Staff's recommended accounting treatment of such collections. The Company's current tariff sets the connection fee at $1,000 while the Staff developed a cost-based charge of $890. The Examiner recommended that we approve the Staff's figure. In its Exceptions to the Examiner's Report filed on January 3, 1997, T-L requests that its connection fee "should not be reduced from the currently approved level of $1,000.00."

In support, the Company asserts that its costs to connect new customers will increase in the future, because it has been asked by the property owners association to bore under roads in the development, rather than employing the "trench and fill" method, to connect homes across the street from its mains. The Company likewise objects to the Examiner's recommendation that it be directed to "escrow the excess fee when the cost of any individual connection is less than the connection fee." T-L argues this will be burdensome and cause it to incur needless administrative costs.

NOW THE COMMISSION, having considered the Report of the Examiner, the Exceptions of T-L, the record herein, and the applicable statutes and rules, is of the opinion and finds that the currently-tariffed level of connection fee should continue. The Commission is concerned that Staff's cost-based recommended rate may fail to reimburse the Company adequately for connection costs. Neither will the Commission require the establishment of an escrow account at this time.

The accounting for contributed property records the actual expenditures incurred for a connection as "Plant" and as "Contributions in Aid of Construction" ("CIAC"). The majority of the accounting process is actually performed at the time the connection is made when the time and materials used to make the connection are recorded on the work order. The recording of the charges on the Company's books is usually performed once a month and therefore should not be a burdensome process. The Commission will not require the use of an escrow account for the excess CIAC at this time.

The Company is directed to keep detailed records of all future excess CIAC collections and file with the Commission's Division of Public Utility Accounting an annual report of said collections not later than March 31 of each year. For ratemaking purposes, if the Company uses an accounting period in which a report has not been filed, the necessary information shall be available for Staff review. Given the evidence in this case, we do not expect any excess CIAC to be significant. We direct the Staff to monitor the account and to take appropriate action if the balance of the excess CIAC becomes too large or if such funds are used for operating costs rather than system improvements and replacements.

In all other respects, the Commission adopts the recommendations of the Examiner's Report.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner, as modified herein, are accepted.

(2) T-L shall be granted Certificate No. W-259A to provide service to Greene Mountain Lake subdivision.

(3) T-L is hereby authorized to charge customers of the Twin Lakes subdivision $18.50 for the first 5,000 gallons of water usage; $2.40 per 1,000 gallons for the next 5,000 gallons of usage; and $2.50 per 1,000 gallons for all usage in excess of 10,000 gallons.

(4) T-L is hereby authorized to charge the residents of the Greene Mountain subdivision $11.43 minimum charge for the first 2,000 of water usage; $2.50 per 1,000 gallons for the next 2,000 gallons of usage, $2.40 per 1,000 gallons for the following 2,000 gallons of usage, and $2.30 per 1,000 gallons for all usage in excess of 6,000 gallons.

(5) T-L is hereby authorized to charge a $15.50 turn-on fee, a $1,000 connection fee and a 1 1/2% late payment fee.

(6) On or before July 1, 1997, T-L shall complete its refund of late payment fees collected in excess of 1 1/2%; such refunds shall be for billing periods commencing April 1995.

(7) Refunds ordered in Paragraph (6) shall be made by check to the appropriate address for all current and former customers.

(8) On or before August 1, 1997, T-L shall file with the Division of Energy Regulation a document showing that all refunds have been lawfully made pursuant to this Order and itemizing the costs of such refunds.

(9) The Company shall bear all costs of the refunds.

(10) The Company shall file with the Commission's Division of Public Utility Accounting, on or before March 31 of each year commencing with the year 1998, an annual statement detailing future excess CIAC collections and shall maintain sufficient detailed records to support such statement.

(11) The Company shall implement Staff's booking recommendations.

(12) This case is hereby dismissed from the Commission's docket of active cases and the papers placed in the file for ended causes.

CASE NO. PUE950122
JUNE 11, 1997

APPLICATION OF
DLG UTILITY CORPORATION

For a certificate of public convenience and necessity

FINAL ORDER

On March 14, 1996, DLG Utility Corporation ("DLG" or "the Company") filed an application for a certificate of public convenience and necessity. In its application the Company requested authority to provide water and sewer service to the residents of Queen Anne's Court subdivision in Isle of Wight County, Virginia. The Company also requested approval of its rates, charges and rules and regulations of service.

In an order entered on June 4, 1996, the Commission invited written comments and requests for hearing and directed its Staff to review the Company's application. Pursuant to that Order approximately 47% of the Company's customers requested a hearing.

On July 31, 1996, the Commission issued an order wherein it established a procedural schedule and scheduled the matter for hearing on November 7, 1996. Pursuant to Hearing Examiner's Ruling issued on October 21, 1996, that procedural schedule was suspended to allow additional time for the Company to obtain approval of its application by the Board of Supervisors of Isle of Wight County, Virginia. Such approval was obtained by letter dated December 20, 1996.

The November 7, 1996 hearing was convened for the purpose of receiving comments from public witnesses. Six witnesses appeared and testified regarding their objections to the Company's proposed minimum charge. Although DLG proposed that its minimum charge remain at the current rate of $40.00 per month, that charge would not, however, include any previously allowable usage.[1]

The evidentiary portion of the hearing was held on March 11, 1997, before Hearing Examiner Howard P. Anderson, Jr. Counsel appearing were Bruce A. Clark, Jr., for the Company and Marta B. Curtis for the Commission Staff. No intervenors appeared and testified at that hearing. Proof of notice was submitted by the Company at the beginning of the hearing.

There were no issues in controversy between the Company and Staff, as the Company agreed to accept Staff's position on all outstanding matters. Among other things, Staff recommended that the Company be authorized to collect $10,500 of additional annual revenues and that the following rates be approved: a $50.00 (minimum charge) for all usage from zero to 2,000 gallons; a $2.00 per 500 gallon charge for all usage from 2,001 through 6,000 gallons; and a $6.25 per 500 gallon charge for all usage in excess of 6,001 gallons. Staff also recommended a $15.32 bad check charge, a $40.00 meter test charge and a $20.00 turn-on charge. In addition, it was Staff's position that the Company's water and sewer connection charges should be set at actual cost rather than a specific amount and that the Company's proposed meter removal charge should be deleted.

On May 22, 1997, the Hearing Examiner filed his Report. In his Report the Examiner found that:

1. DLG should be granted a certificate of public convenience and necessity to provide water and sewer service to the Queen Anne's Court subdivision located in Isle of Wight County, Virginia;

2. The use of a test year ending December 31, 1995, is proper for this proceeding;

3. The Company's test year operating revenues after all adjustments, were $32,625;

4. The Company's test year operating expenses, after all adjustments, were $41,336;

5. After adjusting test year operations, the Company experienced an operating loss of ($8,711);

6. The Company's rate base, after all adjustments, is $5,417;

7. The Company's proposed rates will afford the Company a 22.97% rate of return on rate base;

8. Staff's accounting adjustments and booking recommendations are appropriate and should be adopted;

9. The Company's miscellaneous charges, as modified herein[2] are reasonable and should be adopted;

10. The Company should establish and maintain its books in accordance with the Uniform System of Accounts for Class C Water Utilities, effective January 1, 1997;

11. The Company should maintain its own checking account and keep detailed records to support all charges billed by [its affiliate] Enterprise, including those covered by the management fee;

---

[1] The current minimum charge includes up to 5,000 gallons of usage.

[2] The modifications referenced in the Examiner's findings are consistent with Staff's recommendations referenced herein.

12. The Company's proposed rules and regulations are just and reasonable and should be approved by the Commission;

13. The Company's proposed rates and tariff, as modified herein, are just and reasonable and should be approved; and

14. The Company should immediately perform lead and copper testing and disseminate a public health notice concerning the effects of fluoride.

The Examiner recommended that the Commission enter an order that adopts the findings in his Report, grants DLG certificates of public convenience and necessity, approves DLG's proposed rates and tariff, as modified, and dismisses the case from the Commission's docket.

No comments were filed to the Examiner's Report.

NOW THE COMMISSION, having considered the record and the Hearing Examiner's Report, finds that the findings and recommendations of the Hearing Examiner are reasonable and should be adopted. Accordingly,

IT IS ORDERED THAT:

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

(2) DLG be and hereby is granted Certificate No. W-286 to provide water service and Certificate No. S-82 to provide sewer service to the Queen Anne's Court subdivision located in Isle of Wight County, Virginia.

(3) There being nothing further to be done in this matter, it be and hereby is, dismissed from the Commission's docket of active cases and the papers placed in the file for ended causes.

CASE NO. PUE950131
AUGUST 13, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY,
VIRGINIA POWER SPC-I, INC.,
VIRGINIA POWER SPC-II, INC.,
AND CHESAPEAKE PAPER PRODUCTS COMPANY

For issuance of Certificates of Public Convenience and Necessity Pursuant to Va. Code § 56-265.2 and related regulatory approvals

ORDER GRANTING PRELIMINARY APPROVALS

On December 18, 1995, Virginia Electric and Power Company ("Virginia Power" or "Company"), Virginia Power SPC-I, Inc. ("VP Sub-I"), and Chesapeake Paper Products Company ("Chesapeake") (collectively, "Applicants") filed an application requesting approval of certain aspects of a dispersed energy facility (the "Facility" or "Project"). The 38 MW cogeneration facility, which is scheduled to be placed in operation in 1998, would provide steam and electricity for Chesapeake's use at its paper mill in West Point, Virginia, and would enable Virginia Power to meet Chesapeake's energy needs for up to twenty-five years. The Project would allow Chesapeake to retire one of its oil-fired boilers and reduce the operation of one of its older boilers. In addition, the Company could purchase power produced by the Facility under a purchase power agreement. The application included a number of related agreements that would govern the relationship among the parties and set forth complex organizational and financial arrangements that constitute the underpinnings of the Project.[1]

On January 18, 1996, the Commission issued an order establishing a procedural schedule and directing the Applicants to file an amended application providing additional information. On June 19, 1996, the Applicants filed an amended application that substantially modified the original application and added a special purpose subsidiary, Virginia Power SPC-II, Inc. ("VP Sub-II"), described below.[2] On July 25, 1996, the Commission reestablished the procedural schedule and added VP Sub-II as an applicant.

On October 21, November 12, 13, and 25, 1996, public hearings were held on the application before Hearing Examiner Deborah V. Ellenberg. Counsel appeared representing the Applicants, the Cities of Richmond and Charlottesville, Washington Gas Light Company ("WGL"), The Virginia Committee for Fair Utility Rates ("Virginia Committee"), the Southern Environmental Law Center ("SELC"), the New Kent County Board of Supervisors ("New Kent County") and the Commission's Staff. In addition, several interested persons testified as public witnesses. At the close of the hearings, the Examiner directed the Applicants and any interested parties to address in their post-hearing briefs several legal and policy issues raised by the innovative nature of the Project and the fact that many of the Project's arrangements had not been finalized.

---

[1] There are nine related agreements, described in the Examiner's Report at 4-5, that define the relationship among Virginia Power, its subsidiaries, and Chesapeake.

[2] Henceforth, the term "Applicants" also includes VP Sub-II.

By letter dated April 8, 1997, the Applicants' counsel stated that, on April 2, 1997, Chesapeake Corporation (Chesapeake's parent) and St. Laurent Paperboard, Inc. ("St. Laurent") had reached an agreement whereby St. Laurent would acquire the paper mill.[3] The Applicants' counsel stated that the change in ownership would not change the need to build the proposed Project. By Hearing Examiner ruling, the parties were given an opportunity to respond to the Applicants' representation in the April 8 letter. The City of Richmond ("Richmond") and two interested persons filed comments.

The Facility would consist of a gas-fired combustion turbine ("CT"), a heat recovery steam generator ("HRSG"), an electric generator, and related equipment. Although Virginia Power would not hold title to the generator,[4] the Company will acquire by lease the electric generator for use in conjunction with Chesapeake's cogeneration Facility and, in turn, Chesapeake will operate and maintain the Facility and have the right to use the output. Virginia Power would retain contractual rights to control certain aspects of the operation and maintenance of the generator,[5] and would have the right to purchase power from the Facility under certain terms. Virginia Power proposes to organize a subsidiary, VP Sub-I, for the purpose of facilitating the engineering, procurement and construction of the CT/HRSG, the generator, and related equipment. The Project also provides for the construction of a gas pipeline, fuel management and procurement services, the sale of backup power from Virginia Power to Chesapeake, the purchase of excess capacity and energy by Virginia Power from Chesapeake, and the training of Chesapeake employees and consulting services. Chesapeake would purchase the backup service under a real time pricing schedule, Schedule RTP-SMS, for customers with cogeneration facilities.

The proposed gas lateral pipeline would extend from the gas facilities of Virginia Natural Gas Company ("VNG") in New Kent County for approximately 13.4 miles to the West Point paper mill. Virginia Power proposes to establish a subsidiary, VP Sub-II, to be organized as an electric utility company, for the purpose of owning the pipeline lateral. VP Sub-II also would acquire the right-of-way for and finance the pipeline lateral. VNG would provide certain services in connection with the pipeline's construction and, after its completion, would operate and maintain the pipeline. Upon completion of the pipeline, VP Sub-II would lease the pipeline to Chesapeake, and Chesapeake, in turn, would sublease the pipeline to VNG for a twenty-five year term.[6] VNG would pay no monetary consideration to Chesapeake and would provide any gas transportation services Chesapeake requires. Capacity not used by Chesapeake would be available for VNG's customers in the New Kent County/West Point area in which it is certificated to provide natural gas service.

In their January 6, 1997 Brief, at pages 43-44, the Applicants have requested:

I. Utility Facilities Act (Va. Code § 56-265.1 et seq.)

   A. Authority for Virginia Power to acquire by lease and thereafter install an electric generator on-site at Chesapeake Paper Products Company's mill in West Point, Virginia (Va. Code § 56-265.2).[7]

   B. Authority for Virginia Power SPC-II, Inc., an electric public service company, to own a gas pipeline from the facilities of Virginia Natural Gas to serve the electric generator at Chesapeake Paper Products Company's West Point mill (Va. Code § 56-265.2:1).

II. Affiliates Act (Va. Code § 56-76 et seq.)

   A. Agreement between Virginia Power and Virginia Power SPC-I, Inc.

   B. Agreement between Virginia Power and Virginia Power SPC-II, Inc.

III. Securities Act (Va. Code § 56-55 et seq.)

   A. Approval of borrowing by Virginia Power SPC-II, Inc. to the extent necessary to finance the purchase of the gas lateral, anticipated not to exceed $9 million.

IV. Transfers Act (Va. Code § 56-88 et seq.)

   A. Approval of the Lease of the gas lateral by Virginia Power SPC-II, Inc. to Chesapeake Paper Products Company.

   B. Approval of the acquisition of the common equity of Virginia Power SPC-II, Inc. by Virginia Power.

   C. Approval, if necessary, of the "Lease" of the generator by Virginia Power to Chesapeake Paper Products Company.

V. Rates (Va. Code § 56-232 et seq.)

---

[3] The Applicants included with their letter two press releases that discussed the then-recently announced acquisition of the Chesapeake paper mill by St. Laurent, but they have not provided any detailed information about the acquisition.

[4] Initially, Virginia Power proposed to own the generator; however, in its amended application and through its testimony, the Company indicated that it would lease the generator from a yet-to-be-determined third party owner that would be a financial institution.

[5] For example, the Company would have the right to enter the premises at any time to inspect the generator, oversee Chesapeake's maintenance, and, under certain circumstances, direct Chesapeake in correcting maintenance deficiencies if Virginia Power deems such remedial action to be necessary. If Chesapeake does not take action so directed, Virginia Power may have VP Sub-I perform the remedial action at Chesapeake's expense.

[6] VNG will, of course, be required to comply with § 56-265.2 of the Code of Virginia.

[7] The statement that Virginia Power would "install" the generator appears to be in conflict with the functions to be performed by VP Sub-I. The Company shall clarify and describe in detail the functions of all entities involved as part of the compliance filing required by this order.

A. Approval of Virginia Power's Capacity Sales Agreement with Chesapeake Paper Products Company.

B. Approval of Schedule RTP-SMS Real Time Pricing, Standby and Maintenance service for customers with Power Plants.

VI. Rules Governing the Use of Bidding Programs to Purchase Electricity from Other Power Suppliers (Bidding Rules), Case No. PUE[900029] (November 29, 1990)

A. Grant an exception, if necessary, to Virginia Power from the Bidding Rules.

On April 21, 1997, the Examiner issued the Hearing Report ("Report"). The Examiner concluded that the proposed Project would be in the public interest. The Examiner found that while the proposed Project is complex and unprecedented, it would clearly meet the needs of Chesapeake and that "the plans for development, construction, and operation appear to be reasonable and financially viable." Report at 29-30. The Examiner also found that "the most likely scenarios all show a benefit to Virginia Power's ratepayers; however, in the unlikely circumstance that the costs of the Project exceed the revenues flowing from it, accounting procedures can and should be put into place to assure that the shareholder and not the ratepayer bears the risks of the project." Id. at 30.

However, the Examiner shared Staff's concerns that, even at the close of the hearing, "many aspects of critical arrangements" had not been finalized, id. at 5, and numerous uncertainties and questions still surrounded the proposal. To address these uncertainties, the Examiner recommended that the Commission approve the application on condition that the Applicants develop the Project, in its entirety, pursuant to the terms and conditions identified in the Report. Further, in light of the uncertainties added by the then-pending sale of the West Point paper mill to St. Laurent, the Examiner would impose additional conditions designed to assure that the Project will be lawful and serve the public interest. The Examiner clarified that although the issue of the VNG transportation tariff for service to Chesapeake was not raised in the hearing, VNG is required to obtain Commission approval for a tariff for any regulated service it provides.

In the Report at pages 30-32, the Examiner made the following findings and recommendations:

1) The Commission should issue a certificate of public convenience and necessity and approval pursuant to Code §§ [56-265.1] et seq. to Virginia Power to acquire by lease an electric generator on-site at the Chesapeake West Point mill under the terms and conditions described herein and upon the filing of the following fully executed agreements:

- Amended and Restated Master Agreement
- Cogeneration Facility Development Agreement
- Generator Capacity Sales Agreement
- Project Services Agreement
- Power Purchase and Operation Agreement
- Backup Energy Agreement
- Fuel Services Agreement
- Coal Supply Agreement

The authority so granted should lapse if the agreements are not filed on or before June 1, 1998;

2) A certificate of public convenience and necessity should be issued to Virginia Power SPC-II, Inc., an electric public service company, to own a gas pipeline from the facilities of Virginia Natural Gas, Inc. to serve the electric generator at the Chesapeake West Point mill under the terms and conditions described herein and upon the filing of the following executed agreements:

- Pipeline Lease Agreement
- Agreement(s) between VNG and Chesapeake concerning the pipeline sublease, operation and safety

The authority so granted should lapse if the agreements are not filed on or before June 1, 1998;

3) The affiliates agreement between Virginia Power and Virginia Power SPC-I, Inc. should be approved;

4) The affiliates agreement between Virginia Power and Virginia Power SPC-II, Inc. should be approved;

5) Virginia Power SPC-II, Inc. should be granted approval pursuant to Va. Code §§ 56-55 et seq. to finance the purchase of the gas lateral not to exceed $9 million;

6) Virginia Power SPC-II, Inc. should be authorized to lease the gas lateral to Chesapeake pursuant to Va. Code §§ 56-88 et seq.;

7) Virginia Power SPC-II, Inc. should be authorized to issue common stock to Virginia Power;

8) Virginia Power should be authorized to acquire the common stock equity of Virginia Power SPC-II, Inc.;

9) Virginia Power should be authorized to enter into the Generator Capacity Sales Agreement with Chesapeake;

10) Rate Schedule RTP-SMS, real time pricing, standby and maintenance service for customers with power plants as modified by Staff witness Raju is just and reasonable and should be approved;

11) Virginia Power should be granted a waiver from the bidding rules for the Chesapeake DEF;

12) Virginia Power should be directed to track the revenues, costs and plant associated with the entire project, including services as well as facilities, and file a report with the Division of Public Utility Accounting quarterly, until such time as the Director of that Division notifies Virginia Power that annual reports would be sufficient; and

13) Virginia Power should be directed to file a more definitive financing plan prior to financial closing as outlined by Staff witness Pippert and file executed copies of the financing documents following closing with the Commission in this docket to assure the financing is completed in substantially the same form as described herein.

Comments and exceptions to the Report were filed by the Applicants, the City of Richmond (which Charlottesville adopts), the Virginia Committee, the SELC, New Kent County and several residents of New Kent County.

NOW THE COMMISSION, upon consideration of the record and the Examiner's April 21 Report, the comments and exceptions received, as well as the applicable statutes and rules, is of the opinion that the findings and recommendations of the Examiner, as clarified and expanded upon in this order and with the one exception discussed below, are reasonable and should be adopted.

The Commission concurs with the Examiner's finding that the proposed Project would meet Chesapeake's energy needs "in a cost-effective and mutually beneficial way,"[8] would be lawful, and is in the public interest. We agree with the Examiner's finding that the incompleteness of the Project documentation warrants the imposition of conditions on the approvals granted herein. Accordingly, as discussed infra, we will direct the Applicants to file a revised application in its complete and final form (hereinafter, "compliance filing") by no later than 180 days subsequent to the entry of this order for Commission review. We believe this measure is necessary to ensure that the application reflects any changes that have been made due to the particular circumstances under which the proposal has been developed, including the acquisition of the paper mill by St. Laurent.

With respect to Virginia Power's proposed ownership of the pipeline lateral through its subsidiary, VP Sub-II, we will direct that Virginia Power change its proposed ownership structure for the pipeline. The Applicants have proposed to organize VP Sub-II as an electric utility. As discussed below, we find that VP Sub-II's articles of incorporation must be amended to make it a gas transmission utility; alternatively, the Company itself could develop and own the pipeline lateral. In addition, we discuss certain issues that were raised in the exceptions to the Examiner's report which, in our view, require explanation or clarification.

The Gas Pipeline Lateral and Provision of Fuel Services

The Examiner found that Virginia Power's ownership of the proposed pipeline lateral through VP Sub-II and the Company's proposed provision of fuel procurement and management services to be "related to or incidental to" its electric business. She concluded that this arrangement would not violate § 13.1-620 D of the Code of Virginia, which limits the domestic activities of public service corporations.[9] More specifically, with respect to Virginia Power's provision of fuel services, the Examiner found that the Company's provision of fuel procurement and management services would be related to serving a generation facility in which it was actively involved with its customer, Chesapeake. The Examiner stated that Chesapeake should be free to select its fuel supplier from any broker or producer, including its utility provider, noting that just as the Company "cannot be allowed to use its monopoly powers to compete unfairly, . . . similarly, it should not be precluded from fairly competing to be a full energy provider to its customers as part of services which are incidental to its purposes as an electric company."[10] The Examiner found that Virginia Power's ownership of the pipeline lateral through its subsidiary, VP Sub-II, would be proper because the pipeline lateral is essential to support the proposed Facility and therefore would be related to Virginia Power's provision of electric service. Id. at 19-20.

Richmond argues, among other things, that the Company's proposed ownership, through VP Sub-II, of the pipeline lateral and its provision of fuel procurement services would not be "related to or incidental to" its electric business and, generally, that the Project would be anticompetitive. The City also asserts that, if the Commission approves the Project, it should, at a minimum, require Virginia Power to establish a separate subsidiary to provide its gas management and procurement services.

We find that Virginia Power can lawfully develop and own the pipeline lateral and provide fuel procurement and management services because these activities would be related to and incidental to the Company's stated public service business as an electric utility company. The gas lateral will be constructed to deliver natural gas to the Chesapeake generation Facility, a generation facility that Virginia Power, through its subsidiary, will have

[8] Id. at 9.

[9] Report at 19-20, 23-26. Section 13.1-620 D provides, in relevant part, that:

> No corporation shall be organized under this chapter for the purpose of conducting in this Commonwealth more than one kind of public service business except that the telephone and telegraph businesses or the water and sewer businesses may be combined, but this provision shall not limit the powers of domestic corporations existing on January 1, 1986. . . . Corporations organized under this chapter to conduct the business of a public service company may, however, conduct in this Commonwealth other public service business or nonpublic service business so far as may be related to or incidental to its stated business as a public service company and in any other state such business as may be authorized or permitted by the laws thereof.

[10] Report at 25. The Examiner also noted that while the Company's proposed fuel management and procurement services are related to meeting the needs of its customer, Chesapeake, they are not essential since Chesapeake is free, within the constraints of existing law, to negotiate with other fuel suppliers.

developed with its customer, Chesapeake, and over which the Company would maintain a degree of control.[11] In addition, the Facility will produce power for sale back to the Company pursuant to the terms of the Purchase Power Agreement. All of these factors, taken together, support a finding that the Company's ownership of the pipeline lateral would be related to and incidental to Virginia Power's public service generally and its service to its customer, Chesapeake.

We will, however, direct the Applicants, as a condition of our approval, to amend the corporate charter of VP Sub-II to become a natural gas transmission company, rather than an electric utility. As such, VP Sub-II will be a public service company that is in the business of developing, constructing and owning a gas transmission pipeline lateral that will be used to provide a public utility service, i.e., the transportation of natural gas. Since Virginia Power itself could own the pipeline lateral, the Company may own the pipeline lateral through a subsidiary (VP Sub-II). After development of the pipeline, according to the application, VP Sub-II would lease the pipeline to Chesapeake, which, in turn, would sublease the Facility to VNG. VNG is the certificated natural gas utility for New Kent County and the West Point area which would use this Facility in providing natural gas public service.

The Company's fuel procurement and management services are also related and incidental to running the Facility. Section 13.1-620 D of the Code of Virginia does not preclude a utility from engaging in an activity related to its primary business just because another company could provide the same service.[12] Hence, fuel procurement can be related to or incidental to Virginia Power's business, as it is here, even though other gas brokers could and may provide the service.

In sum, we conclude that the Company's development and ownership of the proposed pipeline lateral[13] or, in the alternative, VP Sub-II's ownership of the lateral as a natural gas transmission utility, together with Virginia Power's provision of fuel management and procurement services, would be related to the Company's electric business.

Richmond requests that, if the Commission determines that the Company's ownership of the pipeline lateral and provision of fuel services would be related to or incidental to the Company's electric business, the Commission clarify that this finding is based on the nexus between Virginia Power's involvement in the cogenerator facility and "would not otherwise be permitted." Richmond Comments at 14. Because we are deciding this case based on the record before us, we decline to speculate as to what circumstances would render Virginia Power's activities unrelated and no longer incidental to its electric business.

Although the arrangements for the Project are complicated and novel, we find that the benefits of the Project outweigh the complexities and that the Project, as proposed, would be in the public interest. The Project will enable Virginia Power to continue to meet the energy needs of a customer; Virginia Power could sell backup power to Chesapeake under certain conditions; and Virginia Power would also be able to buy excess capacity from Chesapeake. The Project will be an additional source of reliable electricity in Virginia.

Additional Issues Related to Richmond's Anticompetitive Concerns

Richmond asserts that one of the Company's witnesses acknowledged that the Company "has already used the Henrico Lateral to render retail gas service to other end users and accounts for such use as 'inventory'" and therefore has unlawfully used the Henrico lateral to deliver gas to end users.[14] The City states that it requested the Examiner to issue a ruling that the Company's alleged use of the Henrico lateral in this way is unlawful since the Henrico lateral was certificated "solely to provide an adequate gas supply for Virginia Power's own Chesterfield Power Station and Darbytown combustion turbine units." Richmond Brief on Exceptions at 21. Regardless of the possible validity of the City's complaints, this application proceeding is not an appropriate forum to resolve this concern. The City should explore other avenues of recourse if it believes redress is necessary, including an informal complaint brought under Rule 5:4 of our Rules of Practice and Procedure.

In a related matter, Richmond requests that the Commission reverse the Examiner's ruling to exclude from evidence two letters that, according to the City, show that the "fuel services proposed here are only a small part of Virginia Power's widespread entry into the retail gas procurement business, where for the most part Virginia Power has made no attempt to link its provision of retail gas service to its involvement with or even the existence of an electric generator at the customer's premises." Id. at 26. The two letters at issue (Exh. EPH-27 and Exh. EPH-28) are from representatives of Virginia Power's division, Evantage, and concern Evantage's efforts to sell natural gas in Richmond and Charlottesville, Virginia. Even if the letters are taken into consideration, there has been no showing of an opportunity for abuse with respect to the pipeline proposed in this proceeding. As the Examiner noted, the authority to provide retail natural gas service from the pipeline remains exclusively with VNG, the gas company that is certificated to serve the territory. Report at 20. Thus, any use of the pipeline by Virginia Power or any other party would be pursuant to VNG's tariffs.

Richmond further requests that the Commission clarify that the City's "refusal to transport gas that Virginia Power attempts to sell to Richmond's customers is appropriate." Id. at 14. We decline to respond to this request, particularly in this proceeding.

Adequacy of Ratepayer Protection

Richmond argues that it has presented evidence demonstrating that any risk the Company would bear in this Project may be borne by the Company's captive electric ratepayers, not shareholders, and that the Examiner's recommended accounting procedures will not address the cross-subsidization and ratepayer guarantee issues that are raised. The SELC also expresses concern about the issue of ratepayer protection.

---

[11] See note 5. In addition, upon the expiration, termination or cancellation of the agreement under which Virginia Power agrees to sell the Facility's capacity to Chesapeake, Chesapeake has the option to purchase the generator; if Chesapeake does not exercise this option, Chesapeake is required to return the generator to Virginia Power. Further, at the Company's request, Chesapeake would be obligated, at its expense, to dismantle the generator and deliver the salvageable portions of the generator to a suitable, nearby common carrier and prepare the portions for shipment to a location specified by the Company.

[12] We note that the statutory "related and incidental" criteria do not mean a service must be necessary or exclusive.

[13] We do not decide whether the Company, directly or through VP Sub-II, is "grandfathered" under Va. Code § 13.1-620 D

[14] Richmond Brief on Exceptions at 21-22, citing Tr. 550 and the City's Post Hearing Brief at 75-78.

The Examiner noted that there remain a few unanswered questions about the Project's arrangements that cause concern.[15] However, the Examiner was satisfied that the accounting measures that Staff proposed, with the imposition of certain additional conditions, which the Company accepted, will ensure that there will be no adverse impact on ratepayers. The Examiner recommended that the Commission require any contracts not fully executed at the close of hearing to be filed with the Commission before certificates are issued and noted that if any modifications to the contractual arrangements result from the sale, the Commission may revisit this case.[16]

We find that the Examiner's findings on this issue are supported by the record.[17] Further, as discussed earlier, we are requiring as a condition of our approval that the Applicants submit a compliance filing. Given the nature of the proposed Project, we believe this requirement is necessary to ensure that the Project in its final form has not significantly changed.

The Applicability of Schedule RTP-SMS

The Virginia Committee argues in its comments that Schedule RTP-SMS should be modified to make the schedule available to all customers that self-generate, whether on a full or partial requirements basis. We will deny this request because we find that the Examiner's finding regarding Schedule RTP-SMS is well reasoned and supported by the record. Company witness Hilton testified that he did not know what the revenue effect of those modifications would be; moreover, the Virginia Committee presented no evidence affirmatively demonstrating what effect, if any, modification of Schedule RTP-SMS would have on the Company's revenue requirement or on its other customers.

Environmental Issues

The SELC argues that Chesapeake did not conduct any assessment of potential efficiency improvements, that Chesapeake's reliance on its past activity is insufficient and that "Chesapeake's analysis will miss further opportunities for improving the mill's efficiency." SELC Comments at 2. The SELC also argues that the Examiner's findings ignore that the Chesapeake emissions study shows that a "substantial portion" of the predicted reduction in emissions are attributable to facilities unrelated to the Project here and that the application does not contain sufficient information upon which to evaluate the full impact of the mill's emissions or the pipeline. Id. at 3. The SELC requests that the Commission "adopt criteria to ensure that a comprehensive energy and environmental assessment is integrated into any future DEF-type negotiations and agreements." Id.

We find that the Examiner reviewed the comments filed by the Department of Environmental Quality ("DEQ"), which had coordinated a review by several affected agencies and localities, and that she reasonably weighed the anticipated benefits of the Project against the potential negative environmental impacts. We conclude that the proposal satisfies the requirements of § 56-46.1 of the Code of Virginia.[18] As recommended by the Examiner, VNG and Virginia Power, or, alternatively, VP Sub-II, if its charter is revised, are directed to minimize the impact of the pipeline on environmental resources by coordinating with the agencies identified in the DEQ's comments. Report at 23. We will reject SELC's request that we adopt comprehensive energy and environmental guidelines for assessing any dispersed energy facilities proposed in the future. However, we find that an overall environmental assessment is necessary in these circumstances and we further find that, in this case, the assessment presented was sufficient.

Concerns of Interested Persons and New Kent County

Several interested persons presented testimony on the proposed routing of the pipeline. Generally, these persons are landowners through whose property the pipeline lateral would traverse. They ask that the Commission direct the Applicants to reroute the part of the pipeline that would be constructed on their properties so that it would be closer to the property lines. Report at 21-22. Initially, New Kent County opposed the Project; however, the County changed its position as a result of certain commitments made by VNG and Chesapeake. Particularly relevant here is Chesapeake's commitment to:

> [E]nsure equitable treatment of the property owners affected by acquisition of the Right of Way. We, Virginia Power and VNG have and will continue to work with property owners to minimize impact to affected properties to the greatest extent allowed by good business and engineering practices and environmental concerns, routing the pipeline to follow property lines and natural features of the land where possible.[19]

---

[15] In particular, the Examiner noted that the Applicants still could not identify who would actually own the generator and the CT/HRSG; additionally, uncertainty continues regarding certain costs and revenues associated with the pipeline lateral as to the Project's impact on VNG ratepayers, as well as the appropriate allocation of costs to improve the capacity in VNG's joint use lateral and the Chesapeake pipeline lateral when capacity eventually becomes constrained.

[16] Report at 26-28, 30-32.

[17] We note that Virginia Power represented several times in the record that its shareholders will absorb any losses that occur as a result of this Project; the Applicants will be held to this representation.

[18] Va. Code § 56-46.1 requires that the Commission, in approving the construction of electric facilities, must:

> [G]ive 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. . . . [and] shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection. . . .Additionally, the Commission (i) may consider the effect of the proposed facility on economic development within the Commonwealth and (ii) shall consider any improvements in service reliability that may result from the construction of such facility.

[19] December 13, 1996 Letter from Larry T. Price, Manager, Manufacturing Services, Chesapeake to Mr. R.J. Emerson, County Administrator, County of New Kent, contained in Exh. LTP-43 at 3-4. The letter also contains the agreement of Mr. Bahr, one of the public witnesses and a member of the New Kent County Board of Supervisors, to assist with property acquisition meetings.

Subsequent to the hearing, several of the interested persons submitted letters reiterating their concerns about the impact of the pipeline on their property. New Kent County filed comments stating that "an integral commitment of Chesapeake and VNG to the County and to this Commission was to work with the property owners along the route of the pipeline to minimize the impact of the line and to locate the line either along property lines, other easements or in such other areas as to affect those property owners and their properties as little as possible." New Kent County Comments at 1. We expect Chesapeake, VNG and Virginia Power (or VP Sub-II) to work with property owners to locate the line in a way that will minimize the impact on the landowners' properties to the extent practicable.

We find that the Examiner's conclusion that the pipeline route would maximize the amount of Chesapeake's land that is used, minimizes the impact on the affected landowners and is acceptable to New Kent County is supported by the record.[20]

The Applicants' Comments

The Applicants request that the Commission allow the terms of the Fuel Services Agreement to go forward for the length of term agreed to by the parties' agreements under which the Company would be the exclusive provider of the mill's coal, gas and fuel oil requirements for twenty-five years. The Examiner determined that a "five-year term, renewable annually thereafter upon the mutual agreement of the parties, would be more realistic" in a "competitive business where relationships can and do change daily." Report at 25-26. We find that the Examiner's recommendation to modify the contract term is reasonable in the circumstances of this case and direct the Applicants to modify the appropriate documents in their compliance filing.

Sale of Chesapeake West Point Mill to St. Laurent

Subsequent to the close of the hearing, Chesapeake and St. Laurent announced the purchase of the paper mill by the latter and parties were provided an opportunity to respond to this development. Richmond filed a response, requesting that the Commission reject the application in its entirety or, at a minimum, significantly modify the application. Richmond argues that the Project is already surrounded by a great deal of uncertainty and "[t]his latest event only serves to exacerbate the uncertainty." Richmond Response at 2. Charlottesville joined Richmond's Comments.

As discussed earlier, we are requiring the Applicants to make a compliance filing which will include any changes in the Project that result from a change in ownership. We believe this measure will ensure that the Commission will be able to evaluate and, if necessary, impose additional conditions on or modifications to the Project that may be warranted by any changes therein.

Compliance Filing

We will require the Applicants to submit, on or before 180 days of the date of the entry of this order, a final, complete, revised application demonstrating that the Project will be in compliance with this order. The compliance filing shall include a detailed description of the Project's transactions and the functions and duties of all entities involved. The compliance filing shall explain and include all agreements necessary to implement the Project, including all financing documents. Agreements filed with the application need not be executed, but must be in final form and include the identities of all parties to the agreements. Any changes from the application reviewed by the Examiner, including the agreements, must be delineated, and the rationale for any changes provided.

The Applicants are directed to serve the compliance filing on all parties when it is filed with the Commission, and the parties may file comments no later than twenty days after the compliance filing has been made with the Commission. Commission Staff is directed to report on the compliance filing within 30 days of the date it is filed. Once the Commission has received a completed compliance filing, the parties' comments, if any, and the Staff's report, we will review the filing as expeditiously as possible and issue a final order.

Conclusion

As discussed above, we find that the Project proposed in this proceeding will be in the public interest. The Project can increase the amount of reliable electricity available in the Commonwealth and also would ensure that Chesapeake's projected need for electricity will be met. We reiterate that the Project involves many complicated, novel arrangements and issues that have not been considered heretofore by this Commission. We have necessarily been required to analyze this innovative, complex project under the relevant provisions of the Code of Virginia that were written long before a non-conventional project such as the one proposed here was contemplated. Therefore, we wish to emphasize that all approvals granted herein are based on the unique circumstances of this case. Further, we note that we are deciding in this proceeding only the issues that we have specifically discussed and disposed of in this order; should similar or related issues arise in future cases, those issues will necessarily be addressed in the context of the proceeding in which they are raised.

In conclusion, the Commission finds that:

(1) The findings of the Hearing Examiner's April 21 Report, as modified and clarified herein, are adopted.

(2) Final approval is conditioned on the Applicants' revision of the ownership structure of the gas pipeline lateral or amendment of VP Sub-II's articles of incorporation to make it a gas transmission utility, as discussed in the body of this order.

(3) Approval is further conditioned upon the Commission's receipt of the compliance filing as described herein.

Accordingly, IT IS ORDERED that:

(1) The Hearing Examiner's recommendations and findings, as modified and clarified herein, are hereby adopted.

(2) The Applicants shall file with the Clerk of the Commission, on or before 180 days of the date of the entry of this order, compliance documents as described in the body of this order.

[20] Report at 21-22.

(3) The Applicants shall provide to all parties in this proceeding copies of the compliance filing when it is filed with the Clerk of the Commission. These parties may comment on the compliance filing within 20 days of the date it is filed with the Commission.

(4) Within 30 days of the compliance filing's receipt by the Clerk of the Commission, the Commission Staff shall file a report on the same.

(5) Upon review of the compliance filing and any comments, the Commission will issue a final order in this proceeding.

(6) This matter shall be continued until further order of the Commission.

CASE NO. PUE960026
APRIL 7, 1997

APPLICATION OF
C&P SUFFOLK WATER COMPANY

For authority to amend its certificate of public convenience and necessity

FINAL ORDER

On April 4, 1996, C&P Suffolk Water Company ("C&P Suffolk" or "the Company") filed an application to amend its certificate pursuant to Virginia Code § 56-265.3(D). In its application the Company requests authority to provide water service to residents of the Scottswood subdivision in Southampton County, Virginia, and to residents of the Deerfield subdivision in the City of Suffolk, Virginia.

The Company also requests approval of its rates, charges, and rules and regulations of service. The Company proposes to charge $600.00 for 3/4-inch service connections and to charge actual cost, plus gross up for taxes, for service connections over 3/4-inch but, in no event, to charge less than $600.00. The Company also proposes a $34.00 bimonthly charge for the first 6,000 gallons of water usage and a $1.15 per 1,000 gallons for all usage in excess of 6,000 gallons. In addition, C&P Suffolk proposes a customer deposit equal to a customer's estimated bill for two months' usage; a $20.00 meter test charge if the meter has no average error greater than two percent; and a $25.00 turn-on charge. The Company proposes to change its rules and regulations of service to include a main extension policy.

On May 10, 1996, the Commission issued an order directing the Company to give notice of its application and to provide the public with an opportunity to comment and request a hearing. The Commission also directed its Staff to review the Company's application and file a report detailing its findings and recommendations on or before July 26, 1996.

Staff filed that report wherein it noted that the Company had neglected to provide the public with the required notice. In an order entered on September 12, 1996, the Commission granted C&P Suffolk's motion to extend the time for providing notice and to extend the date for interested persons to file comments and requests. The Company subsequently filed proof of notice on October 15, 1996.

Staff filed a supplemental report on March 25, 1997, wherein it noted that three customers had requested a hearing but had subsequently withdrawn such requests. In that report and its report dated July 26, 1996, Staff recommended that the Company be granted an amended certificate and that its rate be set at a bimonthly flat rate of $34.00. Staff noted that neither the Scottswood nor Deerfield subdivisions were currently fully metered. Staff also recommended approval of the Company's proposed rules and regulations of service with the exception of the proposed change to include the main extension policy.

NOW THE COMMISSION, having considered the application, Staff's reports and § 56-265(D), is of the opinion that C&P Suffolk's certificate should be amended to authorize the Company to provide water service to the Scottswood subdivision in Southampton County and to the Deerfield subdivision in the City of Suffolk. We will approve the Company's proposed rates, charges, and rules and regulations of service with the exception of the bimonthly metered rate, the main extension policy, and the tax gross-up portion of the service connection fee. We will approve the bimonthly flat rate recommended by our Staff. We will not approve the main extension policy at this time nor approve tax gross-up portion of the service connection fee as such fees are no longer subject to federal income tax.[1] Accordingly,

IT IS ORDERED THAT:

(1) Certificate No. W-280 be, and hereby is, canceled.

(2) C&P Suffolk shall be granted an amended certificate of public convenience and necessity (Certificate No. W-280a) authorizing it to provide water service to those areas previously authorized in Certificate No. W-280 as well as to the Scottswood subdivision in Southampton County, Virginia, and to the Deerfield subdivision in the City of Suffolk, Virginia.

(3) The rates, charges, and rules and regulations of service proposed for the Scottswood and Deerfield subdivisions, as modified herein, be, and hereby are, approved.

(4) There being nothing further to be done in this matter, it be, and hereby is, dismissed form the Commission's docket of active cases and the papers placed in the file for ended causes.

---

[1] Small Business Job Protection Act of 1996. Pub. L. No. 104-188. § 1612, __ Stat. __ (to be codified as I.R.C. § 118) (excludes from taxable income contributions in aid of construction for water and sewer utilities.)

CASE NO. PUE960028
JANUARY 23, 1997

APPLICATION OF
SOUTHWESTERN VIRGINIA GAS COMPANY

1995 Annual Informational Filing

FINAL ORDER

On December 11, 1996, the Commission issued an order requiring Southwestern Virginia Gas Company ("Southwestern") to implement Staff's booking recommendations, to write off its deferred rate case expenses, and to file a report showing that those expenses were written off.

On January 9, 1997, Southwestern submitted a letter confirming that it has written off its deferred rate case expenses as of December 31, 1996.

Now having considered the matter, the Commission is of the opinion that this docket should be closed. Accordingly,

IT IS ORDERED THAT this matter shall be dismissed and placed in the Commission's filed for ended causes.

CASE NOS. PUE960036 and PUE960296
MARCH 6, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

1995 Annual Informational Filing

COMMONWEALTH OF VIRGINIA
At the relation of the
STATE CORPORATION COMMISSION

Ex Parte: Investigation of Electric Utility Industry Restructuring -- Virginia Electric and Power Company

CONSENT ORDER

By order dated November 12, 1996 ("Order"), the Commission established its investigation of electric utility restructuring specific to Virginia Electric and Power Company ("Virginia Power").[1] The Order directed Virginia Power to file extensive information and analyses by March 31, 1997, based on a 1996 calendar year, including an updated cost of service study. Virginia Power was also permitted to file any alternative rate proposal it believes may serve the public interest. Virginia Power has notified the Commission that the Company will file an application, pursuant to Virginia Code § 56-235.2B, seeking approval of an alternative form of regulation.

Based upon the foregoing and Staff's current analysis of the Company's annual informational filing for calendar year 1995, Virginia Power and Commission Staff agree that the rates currently on file for Virginia Power should be made interim, subject to refund, as of March 1, 1997, pending further orders of the Commission in these dockets.

THE COMMISSION, upon consideration of this matter, is of the opinion that the joint request of Virginia Power and Staff should be granted. Accordingly,

IT IS ORDERED THAT the rates and charges currently on file for Virginia Power are interim, subject to refund as of March 1, 1997, pending further orders of the Commission.

---

[1] Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte: Investigation of Electric Utility Industry Restructuring -- Virginia Electric and Power Company, Case No. PUE960296.

CASE NO. PUE960043
JANUARY 23, 1997

APPLICATION OF
KENTUCKY UTILITIES COMPANY
d/b/a Old Dominion Power Company

1995 Annual Informational Filing

FINAL ORDER

On March 31, 1996, Old Dominion Power Company ("ODP" or "Company") submitted its Annual Informational Filing for the test period ending December 31, 1995.

Commission Staff filed a report on September 27, 1996. In its report, Staff concluded that ODP's per books return on equity was below its authorized return on equity, and that ODP's adjusted return on equity was below the level that the Commission has recently established for other Virginia utilities. Staff did not make any recommendations in this proceeding, and the Company did not file any comments on the Staff report.

NOW the Commission, having considered the matter, is of the opinion that this matter should be closed. Accordingly,

IT IS ORDERED THAT this docket shall be closed, and the papers filed herein shall be placed in the Commission's file for ended causes.

CASE NO. PUE960057
FEBRUARY 12, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex Parte, In re: Investigation of Evergreen Water Corporation

DISMISSAL ORDER

In an Order entered on May 31, 1996, the Commission, pursuant to § 56-234.4, granted Staff's petition requesting that the Commission initiate an investigation to determine the efficiency and economy of operations performed by Evergreen Water Corporation ("Evergreen" or "the Company") with respect to water supply problems.

In a Joint Petition filed on November 18, 1996, the Company and Prince William County Service Authority ("the Authority") requested approval pursuant to the Utility Transfers Act for the sale and transfer of the Company's utility assets to the Authority. Subsequently, that transfer was approved by the Commission in a final order entered on December 20, 1996, in Case No. PUA960071. In a letter dated January 13, 1997, the President of Evergreen Property Owners Association advised Staff that the Authority had acquired the Evergreen water system on January 1, 1997.

Accordingly, there being nothing further to be done, this matter be and hereby is dismissed from the Commission's docket of active cases and paper placed in the file for ended causes.

CASE NO. PUE960064
SEPTEMBER 3, 1997

APPLICATION OF
LAKE MONTICELLO SERVICE COMPANY

For a general increase in rates

FINAL ORDER

On May 1, 1996, Lake Monticello Service Company ("Lake Monticello" or "the Company") filed an application for a general increase in rates pursuant to Chapter 10 of Title 56 of the Code of Virginia. In its application the Company requests an increase of $93,046 in total annual operating revenues, or an increase of approximately 6.9%, effective for service rendered on after October 1, 1996, with the exception of that portion of the increase relating to availability fees. Such fees were due to become effective on and after January 1, 1997. The Company also proposed an increase in its connection charges, a new development charge for reserved or expanded areas only, and a change in its rules and regulations of service that would require owners to pay for the purchase and installation of grinder pumps. Pursuant to a May 24, 1996 Order, the Company's increase in rates and charges were declared interim and subject to refund.

Pursuant to that Order, a hearing was held on November 19, 1996, before Hearing Examiner Deborah V. Ellenberg. Counsel appearing were Donald G. Owens, Esquire, for the Company and Marta B. Curtis, Esquire, for the Commission's Staff. No intervenors or protestants appeared. The Company presented proof of notice at the commencement of the hearing.

The issues in controversy at the hearing primarily dealt with accounting issues with specific reference to the treatment of investment income, lease revenue, rate case expense, costs associated with removal of storage tanks and contaminated soil, and federal income tax expense. There was also an

issue regarding the proposed change in the Company's rules and regulations of service which would require customers to pay for the purchase and installation of grinder pumps.[1]

There was an additional issue regarding whether it was appropriate to use a Times Interest Earned Ratio ("TIER") method to determine the Company's revenue requirement and, if so, the appropriate level of that TIER. It was Staff's position that application of a TIER, which is used for determining base rates of electric cooperatives, was appropriate in this instance and that such TIER should be set at 2.50, or the mid-point of the 2.40 to 2.60 range. The Company took issue with the need to use that methodology and argued that, if a TIER were used, it should be set at the higher level of 3.0.

On June 18, 1997, the Examiner filed her Report. The Examiner agreed with Staff with regard to the accounting issues in controversy and the proposed changes in the Company's rules and regulations of service. The Examiner agreed that proceeds from lease payments should be recognized as revenue and that Staff's recommendations for amortizing rate case expense and costs associated with the removal of underground storage tanks and contaminated soil were proper. The Examiner also agreed that investment interest income should be recognized as revenue and that pro forma interest expense, and the associated federal income tax effect of that expense, should be recognized based on the actual going forward level of pro forma debt.

The Examiner found that the proposed change in the Company's rules and regulations of service was improper, as it would result in different treatment for certain customers who had paid connection fees.[2] Specifically, customers who were connected to the system would have the benefit of having the cost of grinder pump installation included in their fees while unconnected customers would not.

The Examiner found for the Company with regard to the issue of TIER. The Examiner stated that a TIER requirement was unnecessary in this instance. The Examiner noted the differences between the Company and electric cooperatives and recent changes in legislation that would return the Company to regulation under the Small Water or Sewer Public Utility Act (Va. Code § 56-265.13:1 et seq.). She stated, however, that, if a TIER were applied, a higher level of 3.0 was appropriate given the need for cash to support capital improvements that would be required in the near future.

The Examiner specifically found that:

(1) The twelve month period ending December 31, 1995, is the proper test year for evaluating the reasonableness of the Company's proposed rates;

(2) The Company's adjusted test year operating revenues were $1,349,659;

(3) The Company's adjusted operating expenses were $1,073,038;

(4) The Company's adjusted test year operating income was $276,621;

(5) The Company's proposed rates will produce $93,046 of additional annual revenues, generate an adjusted operating income of $333,307, produce a TIER of 2.81 and a rate of return on rate base of 10.27%;

(6) The Company's proposed rates are just and reasonable; and

(7) The Company's proposed change to its tariff to require customers to pay for the cost of installing grinder pumps in addition to the connection fee is not reasonable.

The Examiner recommended that the Commission enter an order that adopts the findings in her Report; authorizes the Company to increase its rates as proposed; and dismisses the case from the Commission's file of active proceedings.

By letter from counsel for the Company dated June 26, 1997, Lake Monticello urged the Commission to issue an order adopting the Examiner's findings and recommendations.

NOW THE COMMISSION, having considered the record, the Examiner's Report and the comments thereto, is of the opinion that the Examiner's findings and recommendations should be adopted with the following modification. We agree that the Company should receive $93,046 of additional annual revenues. We will not, however, address the issue of whether it is appropriate to use the TIER methodology to determine the Company's revenue requirement. Further, we agree with Staff's booking recommendations and will require the Company to make the changes detailed in Staff witness Armistead's testimony.

Accordingly,

IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner, as modified herein, are hereby adopted.

(2) Lake Monticello is hereby granted authority to increase its rates to reflect the following proposed rates: a $19.80 bimonthly base rate for water service; a $19.80 bimonthly base rate for sewer service; a charge of $2.94 per 1,000 gallons for water service and $2.94 per 1,000 gallons for sewer service; and an availability fee of $90 per year.

(3) Lake Monticello shall implement the above referenced booking recommendations and shall file with the Division of Public Utility Accounting, on or before January 2, 1998, a statement certifying that such implementation has been accomplished.

---

[1] A grinder pump is necessary when the elevation of a customer's property will not allow for the gravity flow of sewerage into the mains.

[2] Under the Company's current rules and regulations of service, the purchase and installation of grinder pumps is included in the connection fee.

(4) The Company shall implement Staff's recommended changes to its tariff and shall file with the Commission's Division of Energy Regulation a revised tariff detailing such changes on or before October 1, 1997.

(5) This case is hereby dismissed from the Commission's docket of active cases and the papers placed in the file for ended causes.

CASE NO. PUE960064
SEPTEMBER 16, 1997

APPLICATION OF
LAKE MONTICELLO SERVICE COMPANY

For a general increase in rates

AMENDING ORDER

On September 3, 1997, the Commission issued a Final Order in the above referenced matter. That Final Order discusses, among other things, the proposed service connection charge and new development charges that were part of Lake Monticello Service Company's ("Lake Monticello" or "the Company") application and that were included in the public notice in this case. There was no issue with respect to the reasonableness of the level of those charges. Approval of such charges was not, however, specifically referenced in any of the ordering paragraphs of that Final Order.

We are therefore of the opinion that our Final Order of September 3, 1997, needs to be amended to clarify that such approvals were granted. Accordingly,

IT IS ORDERED THAT:

(1) Ordering paragraph 2 of our September 3, 1997 Order be, and hereby is, amended to state the following:

> (2) Lake Monticello is hereby granted authority to increase its service connection charge and new development charge, as proposed, and to increase its rates to reflect the following proposed rates: a $19.80 bi-monthly base rate for water service; a $19.80 bi-monthly rate for sewer service; a usage charge of $2.94 per 1,000 gallons for water service and $2.94 per 1,000 gallons for sewer service; and an availability fee of $90.00 per year.

(2) All other provisions of our September 3, 1997 Order shall remain in full force and effect.

CASE NO. PUE960067
MAY 22, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
VIRGINIA ELECTRIC AND POWER COMPANY,
Defendant

SETTLEMENT ORDER

Chapter 4 of Title 56 of the Virginia Code regulates the relations a public service company may have with affiliated interests. In particular, Virginia Code § 56-77 provides that certain contracts and arrangements between a public service company and any affiliated interest are not valid or effective unless they have been approved by the Commission.

Virginia Electric and Power Company ("Virginia Power" or "the Company") and Dominion Resources, Inc. ("DRI") are affiliated interests as defined by Virginia Code § 56-76. Virginia Power has provided limited services that benefit DRI and its unregulated subsidiaries in the area of the administration of employee benefit plans and in the furnishing of certain types of insurance. Virginia Power has performed these services for the benefit of DRI since DRI was first created as authorized under the Cost Allocation and Service Agreement between Virginia Power and DRI, which was given approval under Chapter 4 of Title 56 in the Commission's June 30, 1986 Opinion and Final Order in In re: Ex Parte Investigation of Corporate Reorganization of Virginia Electric and Power Company, and In the matter of Virginia Natural Gas, Case Nos. PUE830060 and PUE860037.

Since such authorization, DRI has pursued certain non-utility businesses through subsidiary corporations. As these subsidiaries were created and staffed, many subsidiaries (or their respective employees) were included as named insureds under a limited number of insurance programs that were initially administered by Virginia Power on behalf of itself and DRI. Similarly, employees of DRI's wholly-owned subsidiaries were routinely included as participants in Virginia Power's employee benefit plans. As a consequence, Virginia Power provides limited services for the benefit of unregulated subsidiaries of DRI. However, Virginia Power was not specifically authorized to perform these services for the unregulated subsidiaries of DRI.[1]

[1] Other nonrecurring unapproved affiliate transactions were disclosed to Commission Staff in Case Nos. PUE940040 and PUE940051. See response of Virginia Power and DRI to Staff questions 14 and 15 in the First Set of Interrogatories in Commonwealth of Virginia, ex rel. State Corporation Commission v. Dominion Resources, Inc. and Virginia Electric and Power Company, Case No. PUE940040.

The Companies acknowledge making errors in connection with affiliate transactions.[2] The Companies also represent that all payments that should have been made for such services have been made, that no unauthorized services will be furnished in the future, and that new controls, training, recordkeeping and coordination between the Companies have been implemented to prevent similar errors in the future.

The Companies also acknowledge that the Commission is vested with the authority to impose sanctions against public service companies under Virginia Code § 56-85 for violations of the Affiliates Act.

As an offer to settle all matters arising from the above described unauthorized affiliate transactions, as well as all other unapproved affiliate transactions disclosed to Commission Staff in Case Nos. PUE940040 and PUE940051, Virginia Power undertakes that:

(1) Virginia Power will reimburse the Commission $4,320 as an appropriate amount for its investigative costs relating to this matter. Payment will be made by check payable to the Treasurer of the Commonwealth of Virginia and directed to the attention of the Director of the Commission's Division of Public Utility Accounting.

(2) Virginia Power will pay a fine of $50,000 to the Commonwealth of Virginia. Payment will be made by check payable to the Treasurer of the Commonwealth of Virginia and directed to the attention of the Director of the Commission's Division of Public Utility Accounting.

THE COMMISSION, being fully advised in the premises and 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 should be accepted. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by Virginia Code § 12.1-15, the offer of settlement made by Virginia Power be, and it hereby is, accepted.

(2) Pursuant to Virginia Code § 56-85, Virginia Power shall make payment in the amount of $54,320.

(3) The sum of $54,320 tendered contemporaneously with this order is accepted.

(4) This matter be closed and the papers placed in the file for ended causes.

[2] On October 19, 1995, Virginia Power filed its application for retroactive and prospective approval of the performance of services relating to the administration of employee benefit plans for unregulated affiliates in Case No. PUA950051. On October 19, 1995, Virginia Power also filed its application for retroactive and prospective approval of the performance of services relating to the procurement and administration of a limited number of insurance programs for unregulated affiliates in Case No. PUA950050. The Commission granted the requested approvals on a prospective basis, by orders dated May 24, 1996.

CASE NO. PUE960090
JUNE 13, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to implement a qualifying facility monitoring program

FINAL ORDER

On May 29, 1996, Virginia Electric and Power Company ("Virginia Power" or "the Company") filed an application with the State Corporation Commission ("Commission") to implement a qualifying facility ("QF") monitoring program applicable to all QFs that have power purchase contracts with Virginia Power. According to the application, this program would require certain information sufficient to determine continued compliance with the QF requirements of the Public Utility Regulatory Policies Act of 1978 ("PURPA"). Under this proposal, each QF would submit operational data to the Company by March 1 of each year for the previous calendar year, which would be evaluated by the Company to determine whether the QF remained in compliance with the applicable federal regulations. The Company also seeks the right to request additional information from a QF as needed to complete its compliance evaluation. Virginia Power further proposes to notify the Commission if any QFs have not maintained those requirements. Based upon its evaluation of the QF data, Virginia Power may initiate a proceeding at the Federal Energy Regulatory Commission ("FERC"), pursuant to 18 C.F.R. 292.207(d) (1996), for a determination of a particular project's QF compliance. The data Virginia Power proposes to seek from its QFs is set out in Exhibit E of its application.

On June 13, 1996, the Commission issued an order that docketed the proceeding and directed Virginia Power to file a legal memorandum setting forth the legal authority supporting its application. Copies of the order and the Company's application and legal memorandum were directed to be served on each QF having a contract with Virginia Power and all were given the opportunity to participate in this proceeding.[1] The order invited these interested parties to file comments or requests for hearing and legal memoranda responsive to the one filed by the Company.

[1] Proof of service upon these parties was made on September 5, 1996.

On June 28, 1996, the Company filed its legal memorandum in support of its application. Thereafter, twelve QFs filed comments, some of which contained legal memoranda. The Commission Staff also filed a legal memorandum. Many of the comments urged the Commission to deny or modify the application. No hearing was requested.

On October 21, 1996, the Commission entered an order directing Virginia Power to respond to certain questions, including inquiries about the type and quantity of data the Company had proposed to require each QF to provide. The order also directed the Staff to file a report, addressing the Company's application, the comments thereon, and Virginia Power's response, and making appropriate recommendations, to which the Company was given an opportunity to respond.

On November 22, 1996, Virginia Power filed its response to the comments of interested parties and the Staff's legal memorandum.

On December 18, 1996, the Staff filed its report, which recommended, inter alia, that the Commission: (i) adopt a QF monitoring program applicable to all QFs that have purchase power contracts with Virginia Power; (ii) direct Virginia Power annually to collect, audit, and analyze prior calendar year operating information to verify that such QFs comply with required PURPA standards, based on the QF's FERC Form 556 updated for any technical changes occurring during the previous year; (iii) direct that Virginia Power report annually to the Commission's Division of Energy Regulation the results of the QF compliance evaluation; and (iv) authorize the Division of Energy Regulation to resolve informally disputes between Virginia Power and QFs that arise over information or audit requests, subject to a further appeal to the Commission.

On December 30, 1996, Virginia Power filed its response to the Staff's report. It supported the conclusions of the report and accepted the Staff's recommendation that QFs not be required to submit copies of contracts with their respective thermal hosts to the Company.

NOW THE COMMISSION, having considered the application, the comments and memoranda, the Staff's report, and Virginia Power's response thereto, finds that it has the authority to adopt a qualifying facility monitoring program and that such program should be established.

The United States Court of Appeals for the Ninth Circuit has found, in a case very similar to this, that PURPA permits states to devise programs, so long as those programs do not impose any undue burdens on the QF, for monitoring compliance with the federal QF standards. Independent Energy Producers Ass'n v. Cal. Pub. Util. Comm'n, 36 F.3d 848 (9th Cir. 1994). The State of California has implemented just such a program.

The State Corporation Commission has the authority and duty to establish just and reasonable rates for Virginia Power. Va. Const. art. IX, § 2; Va. Code §§ 12.1-12; 56-35; and 56-235. To do so, we must monitor the costs that are recovered through the electric rates paid by Virginia Power's ratepayers. The Commission has a vital interest in precluding Virginia Power from recovering, in its cost of service, payments to entities that are not entitled to receive them. Virginia Power's ratepayers should not reimburse the Company for any such payments that are made. PURPA mandates that Virginia Power make purchases of capacity and energy at avoided cost rates only from qualified facilities. While the determination of a facility's status may only be made by the FERC, when a project falls out of compliance with the qualifying requirements, payments to that facility may, depending on the circumstances, be modified, suspended or terminated.

The Commission has considered how to implement this program in a manner that does not impose an undue burden on any particular QF project. Virginia Power has agreements with many projects that supply less than 3 MW of contract capacity; these units collectively do not receive a substantial portion of the total payments made by Virginia Power pursuant to its QF contracts. The Commission has decided to exempt these projects from the application of the monitoring program being established herein. Any company with a contract capacity of 3 MW or more may also apply to the Commission for exemption from the monitoring program; conversely, Virginia Power may apply to the Commission to include any particular project of less than 3 MW. However, good cause must be shown by any applicant for any such change.

The remaining projects, which collectively receive in excess of $500 million in capacity payments annually, should not be unduly burdened by the informational requirements the Commission will require Virginia Power to collect from each. The Commission is sensitive to the proprietary and confidential nature of some of the information Virginia Power has requested that the QFs submit and will modify the Company's proposed program to accommodate these concerns. The Company should collect no more information than is necessary for it to make a determination as to the status of each project. The Commission cautions Virginia Power that the information so collected is to be used only for the purpose of evaluating the continuing QF status of the various projects. Should it appear that the data are being misused in any way, the Commission will consider sanctions and will entertain requests for modification or termination of the program.

Therefore, on or before July 1 each year,[2] Virginia Power is directed to collect, and each QF having a contract capacity of 3 MW or more to supply, the data that each QF includes, or would include, on the FERC Form 556 for each project. Such information shall be based on the project's actual operating experience from the prior calendar year. Each QF shall additionally report any change to the information previously supplied that significantly affects its continuing status as a QF, within 30 days of the change in circumstance. Any company that believes that the information to be so supplied should be subject to confidential treatment, may apply for a protective order from the Commission.

On or before October 1 each year,[3] Virginia Power shall file a report with the Division of Energy Regulation detailing the findings of its monitoring program, and specifically identifying to the Commission whether each project continues to comply with the qualifying requirements for exemption as a QF. If any QF fails to provide the information specified herein, Virginia Power shall so inform the Division of Energy Regulation, which may recommend action to be taken by the Commission.

Accordingly, IT IS ORDERED that:

(1) As set forth above, a QF monitoring program is hereby adopted and shall be applicable to all QF projects having contracts to supply 3 MW or more of capacity to Virginia Power.

---

[2] The information for calendar year 1996 shall be supplied on or before August 1, 1997.

[3] The report for calendar year 1996 shall be filed on or before November 1, 1997.

(2) As described above, Virginia Power shall collect, audit, and analyze, and the QFs shall supply, the calendar year operating information set out above to verify that such QFs are in compliance with the required PURPA standards.

(3) Virginia Power shall file a report with the Commission's Division of Energy Regulation on or before November 1, 1997, and on or before October 1 of each year thereafter, setting forth in detail the results of the Company's QF compliance evaluation.

(4) Any disputes between Virginia Power and the QFs subject to this monitoring program shall be governed by Rule 5:4 of the Commission's Rules of Practice and Procedure and shall be directed to the Division of Energy Regulation.

(5) On or before June 20, 1997, Virginia Power shall serve by first-class mail, with sufficient postage paid, a copy of this order on all QFs having contracts with Virginia Power.

(6) On or before July 1, 1997, Virginia Power shall file with the Clerk of the Commission a certificate showing the name, address, business affiliation, and date of service upon all persons served with the notice required in ordering paragraph (5) above.

(7) There being nothing further to be done herein, this matter shall be dismissed, and the papers filed herein made a part of the Commission's files for ended causes.

CASE NO. PUE960093
SEPTEMBER 17, 1997

APPLICATION OF
VIRGINIA GAS PIPELINE COMPANY

For a certificate of public convenience and necessity pursuant to the Utility Facilities Act

FINAL ORDER

On June 10, 1996, Virginia Gas Pipeline Company ("the Company" or "VGPC") filed an application with the Clerk of the State Corporation Commission ("Commission") requesting the Commission to issue a certificate of public convenience and necessity under the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 et seq.) of Title 56 of the Code of Virginia, to VGPC to own, develop, construct, operate and maintain an underground natural gas storage facility and related facilities in the Town of Saltville in Smyth and Washington Counties, Virginia. In its application, VGPC proposed to operate the first salt cavern underground natural gas storage facility in Virginia. The proposed area for certification covers approximately 2,037.25 acres, and includes existing salt caverns, proposed future caverns, six miles of eight-inch pipeline to connect the storage facility to East Tennessee Natural Gas Company ("East Tennessee"), an interstate transmission pipeline, and a future right-of-way connected to the storage facility for a second future pipeline. The underground facility will offer storage capacity of 650,000 MMBtu of which 450,000 MMBtu will represent working gas and 200,000 MMBtu will be injected gas to serve as a cushion or base.

The Company proposes to offer three firm storage services: 10 day withdrawal service, 60 day withdrawal service and 90 day withdrawal service. VGPC also plans to offer interruptible storage service and to permit customers to transfer capacity rights under its proposed tariffs.

In its July 10, 1996 procedural order, the Commission permitted the Company to place its rates in effect on an interim basis, subject to refund, effective as of July 10, 1996, until such time as the Commission entered its order finally determining the justness of the Company's rates, tolls, charges, rules and regulations. Thereafter, the matter proceeded to hearing on December 17, 1996.

On July 25, 1997, the Hearing Examiner issued her Report, in which she made the following findings and recommendations:

> (1) Approval of the Company's proposed natural gas storage facility and pipeline is justified by the public convenience and necessity;
>
> (2) Approval includes storage service for [United States] Gypsum [Company], but it is specifically recognized that the facility is located in the distribution territory of United Cities;
>
> (3) The record does not support a finding that the proposed future right-of-way is in the public interest;
>
> (4) The Company's proposed rates and charges for natural gas storage service appear reasonable; however, the Company should be required to file actual cost of service data, using the format prescribed by the Commission's Annual Informational Filing Rules, once a full year's worth of operating data becomes available;
>
> (5) The acquisition adjustment is not supported by this record and should not be approved;
>
> (6) The Company's proposed rules and regulations should be modified in accordance with Staff witness Lacy's recommendations;
>
> (7) The Company should verify that caves and karst features are not present before blasting streambeds for entrenching the pipeline and further, use controlled blasting techniques in known or suspected cave areas;

(8) The monitoring program should, at a minimum consist of the following:

- Periodic leveling surveys of the ground surface above the high pressure brinefield using a benchmark network. Surveys should be carried out every six months during the first three years of operation and at least once a year afterwards,
- Yearly gamma ray logging of all active injection wells in the field,
- In the case that this monitoring reveals that surface subsidence or sloping [sic] [stoping] of the cavern roof may be occurring, a sonar survey of the cavern should be made immediately,
- For all newly developed caverns, a sonar survey should be conducted whenever the estimated volume of salt dissolved indicates an upward roof progression of more than 30 feet over the entire cavern roof,
- Inspection pressures, flow rates, and cumulative gas volumes should be monitored and recorded according to Federal EPA requirements for the life of the storage project, and
- Mechanical integrity testing of each injection well should be performed at least every five years during the facility's lifetime.

(9) The applicant should file the monitoring data detailed above with the Staff;

(10) The maximum pressure in the cavern should not exceed 2,040 psig;

(11) Future cavern development should be spaced at least 4.5 diameters center to center. In addition, the caverns should be developed in pear shape with narrower spans at the cavern roof to minimize fallouts during operation; and

(12) An upper limit of 1.5 feet per 1,000 feet for the maximum allowable ground subsidence in the brinefield area should be established unless VGPC can provide empirical data supporting a less stringent guideline.

The Hearing Examiner recommended that the Commission enter an order that: (i) adopts the findings in her report; (ii) grants the Company a certificate of public convenience and necessity authorizing it to construct, operate and maintain an underground natural gas storage facility in the Town of Saltville in Smyth and Washington Counties, Virginia, subject to the monitoring program found reasonable in her report; (iii) directs the Company to file cost of service data employing the format for an annual informational filing as specified in the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings; and (iv) dismisses the matter.

On August 6, 1997, the Examiner issued an Errata to her Report, revising finding paragraph (10) therein.

VGPC filed comments to the Hearing Examiner's Report on August 8, 1997. In its comments, among other things, the Company requested that the Commission modify finding paragraph (10) of the Hearing Examiner's report to permit VGPC to operate at a maximum pressure in its cavern not to exceed 2,650 psig, or that the maximum surface operating pressure for the cavern should not exceed 2,400 psig for injections and 2,200 psig for withdrawals.

The Company also requested that the Commission allow the recovery of an acquisition adjustment in rates, and permit VGPC, in addition to recovering interest during construction, to recover a return on the equity invested in the project during its construction phase. VGPC urged the Commission to adopt the other recommendations of the Hearing Examiner's report.

NOW, upon consideration of the Company's application, the record, the Hearing Examiner's report, the comments thereto, and the applicable statutes, the Commission is of the opinion and finds that the findings and recommendations of the Hearing Examiner should be adopted, with the exception of the Hearing Examiner's finding paragraph (10), which should be modified as indicated herein, and with the exception of certain miscellaneous matters that should be clarified. We find, as a condition of the certificate authorized herein, that maximum surface operating pressure of the CH-16 and CH-20 cavern and associated facilities should not exceed 2,400 psig for injections and 2,200 psig for withdrawals. With regard to the remaining issues raised in VGPC's comments, we find the Hearing Examiner's finding should be adopted for the reasons set forth below.

Allowance for Funds Used During Construction ("AFUDC")

In its comments, VGPC asserts that it is entitled to recover not only interest during construction, but also a return on the equity invested in the project during its construction phase to fully reflect capital costs during construction. Comments at 5. The Company argues that Schedules 11 and 12 of the Commission's Rules Governing Utility Rate Increase Applications ("Rate Case Rules") provide for the inclusion of AFUDC in a utility's test year rate of return and that the FERC system of accounts permits AFUDC to be recorded. Comments at 5-6.

The provisions of our Rate Case Rules and the FERC system of accounts are not dispositive of whether VGPC is entitled to accrue AFUDC. The Company bears the burden of proof on whether AFUDC may be allowed, and the propriety of allowing AFUDC will be decided on a case-by-case basis.

The record indicates that the underground storage facility at issue in this proceeding began as a joint venture between Virginia Gas Company ("VGC"), the applicant's parent company, and Tenneco Energy Resources Corporation ("Tenneco"). VGC and Tenneco incurred various investigative, planning, and construction costs related to the project prior to the project's March 1996 transfer to VGPC, the public utility subject to the Commission's regulatory authority. Given the record in this case and the fact that a significant portion of the project costs arose from the activities of unregulated

entities, we will not allow AFUDC for this Company. Instead, we find it appropriate to allow only the interest during construction recommended by the Hearing Examiner.

Acquisition Adjustment

We concur with the Hearing Examiner's recommendation to deny an acquisition adjustment in this case. An acquisition adjustment is allowed only in extraordinary circumstances and may be authorized if the applicant utility satisfies certain criteria. Specifically, assuming that the acquisition resulted from arm's-length bargaining and was supportable, the utility must demonstrate that its customers have benefited from the acquisition.[1] In this case, the Company failed to prove that its ratepayers have benefited materially or will benefit to any significant extent in the future as a result of Virginia Gas Company's decision to buyout Tenneco's interest in the project. VGPC's request for recovery of its proposed acquisition adjustment must therefore be denied.

Miscellaneous Issues

After review of the record, there are certain other filings VGPC must make as a regulated public utility subject to the Commission's jurisdiction. Consistent with the requirements of § 56-249.2 of the Code of Virginia, the Company must file an annual report using FERC Form 2 with the Commission's Division of Public Utility Accounting by no later than April 1 of each year. These records are instructive in determining the utility's regulated operations for the preceding twelve months.

Further, although VGPC has filed a pro forma depreciation study proposing to estimate the depreciable life of its plant, the Company is still in the process of adding plant to its storage facility and gaining experience in the operation of its underground storage facility. The Company represented that it would file a more detailed depreciation study with the Division of Energy Regulation once it gains more experience with its Saltville storage operations and once its plant is completed. We intend to hold VGPC to its representation in this regard.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the July 25, 1997 Hearing Examiner's Report, as modified and supplemented herein, are accepted.

(2) Subject to the conditions and reporting requirements set out in the July 25, 1997 Hearing Examiner's Report, as modified herein, Certificate of Public Convenience and Necessity No. GS-2 shall be issued to VGPC, authorizing it to construct, develop, own, operate, and maintain an underground storage facility covering approximately 2,037.25 acres, located on the northeast corner of the Glade Spring U.S.G.S. Quadrangle in Smyth and Washington Counties, Virginia, lying between latitudes 36° 52' 30" and 36° 50' and longitudes 81° 45' and 81° 47' 30". The maximum surface operating pressure for the CH-16 and CH-20 cavern and associated facilities shall not exceed 2,400 psig for injections and 2,200 psig for withdrawals.

The certificate granted herein shall not include the future right-of-way for a second potential pipeline connecting to the Glade Spring compressor site. If VGPC desires to own, construct, and operate a second pipeline in that right-of-way, it must seek additional authority under the Utility Facilities Act, Chapter 10.1 (§ 56-265.1 et seq.) of Title 56 of the Code of Virginia, to do so.

(3) The Company's tariffs and terms and conditions of service, which have been in effect on an interim basis, shall be modified in accordance with the recommendations found in Staff witness Lacy's testimony and shall be made permanent, effective for service rendered on and after July 10, 1996.

(4) The Company shall file revised tariffs with the Commission's Division of Energy Regulation on or before September 30, 1997.

(5) In accordance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rules"), the Company shall file an annual informational filing consistent with these Rules, once a complete year of operating data becomes available, but in no event shall such a filing be made later than September 30, 1998.

(6) The Company shall file an annual report using FERC Form 2 with the Division of Public Utility Accounting by no later than April 1 of each year.

(7) Consistent with its representation at page 111 of the transcript, the Company shall file a more complete depreciation study with the Division of Energy Regulation once it gains more experience operating its Saltville storage facility and once its plant is completed.

(8) There being nothing further to be done in this matter, this case shall be dismissed from the Commission's docket of active proceedings.

---

[1] See Application of Virginia Electric and Power Company, Case No. 11788, 1954 S.C.C. Ann. Rept. 57, 62. Application of Po River Water and Sewer Company, Case No. PUE810062, 1982 S.C.C. Ann. Rept. 492, 495. Application of Virginia Suburban Water Company, Case No. PUE890082, 1991 S.C.C. Ann. Rept. 267, 268.

CASE NO. PUE960094
MARCH 5, 1997

APPLICATION OF
VIRGINIA GAS DISTRIBUTION COMPANY

1994 Annual Informational Filing

ORDER DIRECTING FILING

In Case No. PUE930013, Virginia Gas Distribution Company ("VGDC" or "the Company") filed an application requesting a certificate of public convenience and necessity to provide natural gas service to the town of Castlewood, in Russell County, Virginia. In recommending the approval of VGDC's request, the Hearing Examiner directed the Company to file 12 months of actual operating data for review, since its application was based primarily on estimates. By order dated July 16, 1993, the Commission adopted the Hearing Examiner's report and authorized the issuance of a certificate of public convenience and necessity to VGDC. In accordance with that order, VGDC filed an annual information filing ("AIF") on June 10, 1996, based on 12 months of data ending December 31, 1994.[1]

On September 24, 1996, Commission Staff filed its report in this matter. Staff stated that the Company's test year returns, after previously approved adjustments, were meager. The Company earned a return on rate base of .04 percent and a return on equity of negative 1.87 percent. Staff stated that the number of customers in each market segment for VGDC appears to be in line with projections; however, the volume of gas consumed by the residential market segment is below projections due to a lag in conversions to gas heating. Staff further stated that the financial health and integrity of VGDC's operations should improve as its residential market segment matures with more conversions to gas heat.

Staff noted that the Hearing Examiner's report, adopted by the Commission in Case No. PUE930013, did not direct VGDC to file AIFs beyond an initial twelve month period. Staff recommended, however, that the Commission order VGDC to continue to file annual informational filings. Staff stated that the continuing AIFs are necessary for Staff to stay abreast of the development of Virginia's newest gas distribution utility. Considering the Company's initial returns, the limited amount of data for trend analysis, and the time already spent beyond the 1995 calendar year, Staff recommended the filing of a combined 1995 and 1996 AIF by May 30, 1997. VGDC filed no objection to Staff's recommendation.

THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company should be directed to file annual informational filings and that the Company should be directed to file a combined 1995-1996 AIF covering the financial operating data for calendar years 1995 and 1996 by May 30, 1997. Accordingly,

IT IS ORDERED THAT:

(1) VGDC continue to file annual informational filings in accordance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings.

(2) The Company file a combined AIF for calendar years 1995 through 1996 by May 30, 1997.

(3) This matter be closed and placed in the file for ended causes.

[1] No date was specified for the Company to file its data for the 12 months ending December 31, 1994. It is Commission Staff's opinion that the Company's delay in filing was unintentional and attributable to a number of factors that now appear to be resolved.

CASE NO. PUE960110
NOVEMBER 24, 1997

APPLICATION OF
TOWN OF BLACKSTONE

For a Certificate Pursuant to § 25-233 of the Code of Virginia

ORDER DENYING APPLICATION

On June 28, 1996, the Town of Blackstone ("Town" or "Blackstone") filed an application pursuant to § 56-265.4:2 of the Code of Virginia requesting permission to initiate a condemnation proceeding to acquire certain distribution facilities owned by Southside Electric Cooperative ("Southside" or "Cooperative"). The facilities at issue are located in a 2.5 square mile portion of Nottoway County, Virginia, which was incorporated by Blackstone on midnight of December 31, 1992.[1]

On August 21, 1997, the Hearing Examiner issued his Hearing Report. The Examiner found that the application is subject to § 25-233 of the Code of Virginia which requires the Commission to certify that a proposed acquisition is required by "a public necessity" or "an essential public

[1] Hearing Report at 10. Southside argues (and reiterates its argument in its Comments to the Hearing Report) that the area incorporated by Blackstone was not annexed within the meaning of § 56-265.4:2 of the Code of Virginia. The Examiner found that the area in question was subject to annexation procedures, Hearing Report at 4-5, and we adopt the Examiner's finding on this issue. Therefore, the area incorporated by Blackstone will be referred to hereinafter as the "annexed area" and the customers in that area as the "annexed customers."

convenience" prior to the commencement of the condemnation proceeding. He concluded that Blackstone failed to show that a public necessity or an essential public convenience requires the Town's acquisition of the facilities at issue and recommended that the application be denied.

We find that the Examiners' findings appear to be supported by the record and adopt his recommendations, as discussed below.

The Hearing Examiner's Report

The Examiner considered the evidence presented by Blackstone as to the asserted benefits to the annexed customers of receiving service from the Town in evaluating whether the proposed acquisition is required by a "public necessity" or an "essential public convenience," as required by § 25-233 of the Code of Virginia. The Examiner was not persuaded by the Town's assertion that its provision of electric service would be less fragmented, stating that fragmented services are "normal and customary in Virginia, and any slight benefit from a unified provider of utility services does not rise to the level of a public necessity or essential public convenience that would require the granting of this application." Hearing Report at 7. With respect to system maintenance and service reliability, the Examiner found that the evidence indicated that both the Town's and Southside's systems "have comparative deficiencies" and there is "no evidence that these deficiencies have impaired service reliability." Id at 8. The Examiner also found that, "both systems provide reliable service and that Blackstone's evidence in this regard does not establish an essential public convenience or public necessity supporting the acquisition of the Cooperative's facilities." Id. In response to Blackstone's claim that it would provide service more promptly than the Cooperative, the Examiner found that "[w]hether the Town can connect a new service faster than Southside does not . . . create a public necessity or an essential public convenience sufficient to warrant" the acquisition; moreover, the Town "has failed to prove that Southside has a service installation problem that would warrant" granting the Town's application. Id. at 9. Addressing the parties' arguments about the impact on the affected customers' rates, the Examiner found that, "[w]ithout question, the record . . . demonstrates that the Town's current rates for electric service are lower than those of the Cooperative. The only real dispute is the magnitude of the differences. . . . [and] while it may be convenient for the customers in the annexation area to have somewhat lower rates, the rate disparity does not rise to the level of a public necessity or an essential public convenience that would require" the proposed acquisition. Id. at 10.

The Examiner also addressed the issue of whether the facilities are essential to Southside, as required by Va. Code § 25-233. Hearing Report at 11-12. Noting that the Commission has construed "essential" to mean "only when the acquisition would adversely affect service to [the relinquishing] utility's remaining customers,"[2] he concluded that the facilities are not essential to the Cooperative's purposes. The Examiner found that if the application is granted, the Cooperative's system would "not be adversely affected from an operational or financial aspect," and the Town's acquisition of the facilities at issue would "not jeopardize Southside's future provision of electric service." Hearing Report at 12. The Examiner observed that Staff witness Henderson stated in her prefiled testimony that neither the Town's nor Southside's ability to continue to serve customers would be endangered if Blackstone acquires the facilities. The Examiner also observed that one of Southside's witnesses "admitted that the actual financial impact to Southside," if Blackstone's application is approved, "may be considered minor." Id., citing Exh. No. DJH-9 at 13.

In essence, the Examiner weighed the benefits to the affected customers of continuing to receive service from the Cooperative and the alleged benefits of switching to Blackstone as their electric provider. For example, the Examiner found that "any slight benefit" that the annexed customers would obtain as a result of having a unified provider of utility services (for example, the elimination of confusion if there is one utility provider and possibly faster hook up service) and the "somewhat lower rates" Blackstone could currently offer would not rise to the level of a public necessity or an essential public convenience requiring the granting of the Town's application. Hearing Report at 6, 10. Further, the Examiner recommended that the Commission not establish a precedent "of authorizing condemnation of a public utility's property based solely on a present difference in rates, which may or may not exist in the future." Id. at 17.

Blackstone's Comments on the Examiner's Hearing Report

Blackstone contends that the Hearing Examiner applied the wrong legal standard in his analysis of the application and that the Commission should apply a less stringent standard for approval under § 25-233 in a § 56-265.4:2 proceeding. It also argues that the Examiner incorrectly stated that the Town relies on § 15.1-292 and based his analysis on that statute, when, in fact, the Town is relying on § 56-265.4:2.[3] According to the Town, the Examiner improperly placed the burden on the Town to show that Southside has not been providing adequate service to the customers in the annexed area at reasonable rates and, in effect, applied the standard set forth in § 56-265.4.[4]

The gravamen of Blackstone's argument is that the Examiner has improperly interpreted how the § 25-233 standard (for Commission approval to pursue a condemnation proceeding) should be applied in the context of an annexation proceeding under § 56-265.4:2. Blackstone states that its application was filed pursuant to, and should be evaluated under, § 56-265.4:2, which the General Assembly enacted in 1978 to address the situation where a city or town annexes property and seeks to acquire the distribution facilities that are necessary to serve the newly-annexed customers over the municipal's electric system. Blackstone argues that, in enacting § 56-265.4:2, the General Assembly "effectively made a legislative determination that the public interest would be served by the extension of a municipality's electric system" into areas that it has annexed.[5] Blackstone argues that, to give effect to this legislative determination, an applicant proceeding under § 56-265.4:2 should be subject to a less stringent standard for obtaining Commission approval under § 25-233 than is required for condemnation proceedings under the general condemnation authority granted to cities, towns and counties in

[2] Hearing Report at 11, citing Petition of City of Franklin, 1990 SCC Ann. Rpt. 301 ("City of Franklin").

[3] Blackstone Comments at 5, citing the Hearing Report at 15.

[4] Section 56-265.4 applies when a regulated public utility seeks a certificate to operate in the exclusive service territory of another utility. The applicant must prove "to the satisfaction of the Commission that the service rendered by such certificate holder in such territory is inadequate to the requirements of the public necessity and convenience." Even if the applicant makes such a showing, the certificate holder "shall be given reasonable time and opportunity to remedy such inadequacy before any certificate shall be granted" to the applicant.

[5] Blackstone Comments at 17. The Town suggests that alternatively, § 56-265.4:2 and § 25-233 should be read together "to establish a presumption that a public necessity or an essential public convenience is satisfied by the municipal acquisition of annexation area facilities needed to extend service to customers in such areas. Such a presumption could perhaps be rebutted if the existing utility provider could show that the municipality would provide inadequate service at unreasonable rates." Id. at 18 n.5.

Title 15.1 of the Code of Virginia.[6] It contends that the Commission should grant the Town's application if proof of certain elements have been shown and that the record contains proof of these elements.[7]

In support, Blackstone cites the Commission's decision in Franklin in which the majority of the Commission stated that:

> Read together, §§ 56-265.4:2 and 25-233 permit acquisition of the distribution facilities in question only if (1) the City can make the evidentiary showing necessary to obtain the Commission's permission and (2) the facilities are not essential for continued adequate service to customers other than those the City proposes to serve after the acquisition.

Blackstone Comments at 11, citing Franklin at 301. Blackstone argues that this language shows that the Commission understood that the customary application of § 25-233 in a situation where a town or city seeks to condemn the distribution facilities pursuant to § 56-265.4:2 "would necessarily result in the denial of permission to condemn in every instance because the electric facilities were 'essential' to the provision of service to that area by the existing utility" and, therefore, the Commission established a "more lenient test." Id. at 11-12. Blackstone states that the Commission found in Franklin that an applicant under § 56-265.4:2 must make the necessary evidentiary showing. It asserts, however, that the Commission did not explain what evidentiary showing would be necessary since the parties in that case subsequently settled, and the Commission did not need to address the merits of the request for approval under § 25-233. Id. at 12. The Town also asserts that the Examiner's reliance upon the early railroad cases is misplaced because those cases were decided long before the provision for condemnation in the context of annexations (i.e., § 56-265.4:2) was enacted. Id. at 22-23.

Relying upon Application of the City of Virginia Beach, 1995 SCC Ann. Rpt. 313 ("Virginia Beach"), Blackstone argues that the Commission has held that the scope of its review under § 25-233 is narrow and is limited to whether the applicant should be permitted access to the courts. The Town argues that, under Virginia Beach, the Commission's analysis in this case should be limited to whether the proposed condemnation is necessary to enable the Town to serve the customers in the annexed area over the Town's electric system.[8]

Blackstone asserts that even if the phrase "public necessity or an essential public convenience" is interpreted to mean that the applicant must show that the public will be substantially benefited by the acquisition, the Examiner's findings are contradicted by the weight of the evidence. More specifically, the Town maintains that the Examiner either ignored critical evidence or erroneously examined each factor presented by the Town in isolation, rather than as a whole. Id. at 23-38. For example, Blackstone objects to the Examiner's finding that fragmented services are "normal and customary" in the Commonwealth and that, even if there is any slight benefit to customers in the annexed area that would come from having a unified provider of utility services, such slight benefit does not rise to the level of public necessity or an essential public convenience. It argues that if it is able to serve the customers in the annexed area, Town residents would be "greatly convenienced" because they always know who to call with service problems and because the Town would be able to improve coordination of its operation of the various utilities. Id. at 31-33.

Southside's Comments on the Examiner's Hearing Report

In its Comments, Southside reiterates its argument that Blackstone did not "annex" the area incorporated by the Town but, rather, the Town expanded its boundary by an agreement reached under Article 2 of § 15.1-1031.1 et seq. The Cooperative argues that since the area at issue was not annexed, Blackstone does not have authority to proceed under § 56-265.4:2, which applies only to situations where annexation has occurred.[9] Southside also argues that if the Town is allowed to condemn the facilities at issue, it will breach a 1977 contract entered into by Southside, the Town and Virginia Power.[10] Southside contends that the distribution facilities at issue are essential to Southside and that, if the acquisition is allowed, its remaining customers would be adversely affected. Southside Comments at 10-14. Southside argues that the Examiner erred in his conclusion that it and the Town offer comparable ancillary services. Id. at 15.

NOW THE COMMISSION, upon consideration of the record and the Examiner's August 21, 1997 Hearing Report, the comments and exceptions received, as well as the applicable statutes and rules, is of the opinion that the findings and recommendations of the Examiner are reasonable and should be adopted.

Blackstone filed its application pursuant to § 56-265.4:2 which provides, in relevant part, that:

> Any city or town in the Commonwealth which provides electric utility service for the use of its residents may, at any time following annexation of additional territory to such city or town, acquire the distribution system facilities of the electric utility serving the annexed area in the manner provided by Title 25. As used in this section (i) the term "distribution system facilities" shall be deemed to include all facilities necessary to distribute electric utility service to any annexed area but shall not include substations of the public utility whose facilities are being acquired . . . .

---

[6] See id. at 17-23. Effective December 1, 1997, the provisions concerning "Counties, Cities, and Towns" are codified in Title 15.2.

[7] The elements are: (1) Blackstone is a city or town; (2) it provides electric utility service for its residents; (3) it has annexed territory served by an existing utility provider; (4) Blackstone wants to provide service to the customers in the newly-annexed area; (5) the facilities sought to be acquired are necessary for the municipal to provide electric service to the newly-annexed customers; and (6) the facilities at issue are not essential to the relinquishing utility's provision of adequate service to the remaining customers. Blackstone Comments at 17-18.

[8] Blackstone Comments at 20-21. The Town notes that courts in other states have allowed municipalities to acquire property of public service companies and devote the property to the same use after condemnation on the principle that the provision of service by a municipality is a "higher public use" than the provision of service by a private corporation or a cooperative. Id. at 21 n.8.

[9] Southside Comments at 4-5. See Hearing Report at 4-5.

[10] Southside Comments at 5. See Hearing Report at 5-6.

Section 56-265.4:2 of the Code of Virginia (emphasis added).

By its terms, § 56-265.4:2 requires that any condemnation proceeding under that provision must be conducted "in the manner provided by Title 25." Section 25-233, found in Title 25, provides, in relevant part, that:

> No corporation or authority created under the provision of Chapter 54 (§ 15.2-5400 et seq.) of Title 15.2 shall take by condemnation proceedings any property belonging to any other corporation possessing the power of eminent domain, unless, after hearing all parties in interest, the State Corporation Commission shall certify that a public necessity or that an essential public convenience shall so require, and shall give its permission thereto; and in no event shall one corporation take by condemnation proceedings any property owned by and essential to the purposes of another corporation possessing the power of eminent domain.[11]

Blackstone acknowledges that, under the current law, a proposed condemnation under § 56-265.4:2 cannot proceed unless the Commission finds, pursuant to § 25-233, that the proposed acquisition is required by a public necessity or an essential public convenience.[12] It asserts that the public convenience is per se served by provision of electric service to customers within an annexed area by the municipality, rather than by the existing provider. Thus, the Town argues that the General Assembly, in effect, established a statutory presumption in favor of granting applications of towns and cities when it enacted § 56-265.4:2.

Prior to the enactment of § 56-265.4:2, towns and cities were prohibited from initiating condemnation proceedings to acquire facilities in annexed territory.[13] The General Assembly, in enacting § 56-265.4:2, simply ensured that towns and cities would have an opportunity to appear before the Commission and apply for approval to initiate condemnation proceedings. Section 56-265.4:2 specifically provides that any such condemnation proceeding be conducted in the manner provided by Title 25 and, as discussed, under § 25-233, a condemnation proceeding may commence only if the Commission makes a determination that the proposed acquisition is required by a public necessity or an essential public convenience and that the property sought to be acquired is not "essential to the purposes" of the owner of the property.[14]

In our view, in determining whether a proposed acquisition is required by a public necessity or an essential public convenience, the focus of the inquiry should be on whether the public, rather than the acquiring entity, will benefit from the acquisition. As discussed, the Examiner found that granting the Town's application could result in some "slight" benefit to the annexed customers in certain respects, but that, on balance, the evidence does not establish that it is essential or necessary to the public that Blackstone acquire the facilities at issue.[15] We agree that the evidence shows that the customers in the annexed area currently are provided adequate electric service by the Cooperative at reasonable rates and that a public necessity or essential public convenience does not require that Blackstone provide electric service to the affected customers, rather than Southside.[16]

In sum, we conclude that while there may be a slight benefit to the affected customers if the Town is allowed to acquire the facilities at issue, the record does not demonstrate that the Town's proposed acquisition is required by a public necessity or an essential public convenience.

Accordingly, IT IS ORDERED that the Examiner's findings and recommendations are hereby adopted.

---

[11] Chapter 54 (§ 15.2-5400 et seq.) of Title 15.2 does not become effective until December 1, 1997; until that date, the applicable statutory reference is Chapter 39 (§ 15.1-1603 et seq.) of Title 15.1 (the "Electric Authorities Act").

[12] Blackstone originally argued that certification under § 25-233 is not necessary for a condemnation proceeding pursuant to § 56-265.4:2. The Examiner rejected this argument, stating that "[i]n accordance with the majority opinion in City of Franklin, I find that the Commission has jurisdiction in this matter and that Blackstone must obtain prior Commission approval under § 25-233." Hearing Report at 3. Blackstone states that it continues to believe that Commission approval under § 25-233 is not necessary and that it wishes to preserve its objection to Commission jurisdiction in this regard; however, the Town "recognizes . . . that the majority opinion in City of Franklin represents the Commission's current view of the law." Blackstone Comments at 12 n.3.

[13] See Culpepper v. Virginia Electric & Power Co., 215 Va. 189 (1974). Apparently, prior to Culpepper, cities and towns routinely acquired electric distribution facilities in areas that were annexed. Culpepper involved a challenge to this longstanding practice and the court found that "no procedure exists in Virginia under which annexing towns and cities can acquire by eminent domain the facilities of a franchised utility serving an area which is annexed by such municipalities." 215 Va. at 193. Thus, at the time the legislature enacted § 56-265.4:2, towns and cities could not legally acquire facilities within annexed areas.

[14] The Commission found, in Citv of Franklin, that § 25-233 is one of the "salient" provisions of Title 25 and that it "cannot interpret the general reference to Title 25 in § 56-264.2:4 [sic] to exclude so important a provision as § 25-233 without indication of a clear legislative intention to create such an exception." 1990 SCC Ann. Rpt. at 301. The Commission noted that "[t]o the contrary, the General Assembly has clearly stated its intention to exempt certain transactions from . . . § 25-233 when it appeared appropriate," and cited to § 15.1-320.1 (since repealed) as an example. Id.

[15] Hearing Report at 7. For example, although the Examiner found that the provision of electric service by the Town could result in lessened customer confusion, improved coordination in the Town's operation of its various utilities, and "somewhat" lower rates, he also found that the quality of the electric service that would be provided by the Town or the Cooperative would be comparable and that there is a question as to the magnitude of the "somewhat lower" rates the Town could offer. Hearing Report at 7-10. We note that the Cooperative asserts in its Comments that there are additional factors not considered by the Examiner that would eliminate any rate disparity. Southside September 19, 1997 Comments at 9-10.

[16] Since we conclude in this order that a public necessity or an essential public convenience does not require the Town's acquisition of the facilities at issue, we need not reach the question of whether the facilities are essential to the purposes of Southside.

CASE NO. PUE960111
FEBRUARY 27, 1997

APPLICATION OF
VIRGINIA GAS STORAGE COMPANY

For an annual informational filing

ORDER ADOPTING RECOMMENDATION AND DISMISSING PROCEEDING

On July 1, 1996, Virginia Gas Storage Company ("VGSC" or "the Company") delivered its Annual Informational Filing ("AIF") to the State Corporation Commission ("Commission"). On August 12, 1996, VGSC completed its application and revised various schedules therein. The Company filed financial and operating data for the twelve months ending December 31, 1995, in support of its application.

On January 22, 1997, the Staff filed its report in the captioned matter. In its report, the Staff conducted a financial and accounting analysis. It noted that it had used an 11.5% return on equity in VGDC's capital structure for illustrative purposes. It explained that at the time the Company and Staff were conferring on what cost rate to use, 11.5% was a rate that the Commission had recently approved for a gas distribution company. The Staff reported that a VGSC-specific cost of equity analysis and recommendation would be made by Staff in VGSC's next rate case. The VGSC capital structure, together with an 11.5% cost of equity, produced an overall cost of capital of 10.28%. By comparison, the Staff noted that the overall cost of capital authorized in gas distribution public utility cases since September 1995, has ranged from 9.43% to 10.26%.

In its accounting analysis, the Staff noted that it had to revise Schedules 11 and 13 to bring these Schedules into compliance with the requirements of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rate Case Rules"). It observed, among other things, that VGSC did not make several adjustments that were previously approved by the Commission in the Company's last case, Case No. PUE940078. These adjustments include elimination of state income tax expense as a nonrecurring expense, a pro forma property tax adjustment, a pro forma gross receipts tax adjustment, and a common equity capital adjustment.

Other accounting issues identified in the Staff's review of VGSC's AIF included the Company's recordkeeping and accounting procedures for intercompany administrative expense billings. The Company considers its administrative personnel as employees of the affiliate to which they devote the bulk of their time. These employees spend time working on projects for other affiliates, including VGSC. The amount of time devoted to these projects is estimated by the employees, and the affiliates are billed based on these estimates on a sporadic basis. The Staff proposed that administrative personnel be directed to keep detailed time records which will allow for accurate intercompany billing for these expenses. Further, it suggested that these billings be made at regular intervals. The Staff also recommended that capitalization of administrative salaries should be done based on actual time records rather than estimates to ensure a more accurate distribution of the salaries.

With respect to capitalization of interest for financial purposes, the Staff proposed that the Company be ordered to maintain detailed records to support the level of interest it has capitalized. Moreover, it recommended that the Company be directed to record the tax effect of charitable contributions to Account 409.2 of the Uniform System of Accounts ("USOA").

Finally, the Staff recommended that the Commission direct VGSC to file its 1996 AIF by May 30, 1997. It explained that receipt of an AIF by this date would enable the Company to provide Staff with audited financial data. The Staff noted that the Company's earned return did not appear excessive.

In a letter dated February 14, 1997, the Company advised Staff counsel that it did not intend to respond to the Staff's report.

NOW, UPON CONSIDERATION OF the Company's application as revised, the Staff's report, and the applicable statutes, the Commission is of the opinion and finds that the Staff's recommendations are reasonable and should be adopted. Specifically, the Company should prepare its Schedules in future cases and AIFs in conformance with the instructions set out in the Rate Case Rules. It should also incorporate the effects of all Commission-approved adjustments in these Schedules.

Further, we find that VGSC should keep detailed time records of the work performed by administrative employees for affiliates. Billings for services rendered to these affiliates should occur on a more regular basis. Capitalization of administrative salaries should be computed based on the time records of these employees rather than on estimates of the time worked. Additionally, the Company should maintain detailed records to support its capitalization of interest, and should record the tax effect of charitable contributions to USOA Account 409.2. Finally, we find that VGSC should file its next AIF, utilizing the Company's audited financial and operating results for the year ending December 31, 1996, by no later than May 30, 1997.

Accordingly, IT IS ORDERED THAT:

(1) Consistent with the findings made herein, the booking, accounting, and other recommendations set out in the Staff's January 22, 1997 report are hereby adopted.

(2) VGSC shall file its next AIF, utilizing the Company's audited financial and operating results for the year ending December 31, 1996, by no later than May 30, 1997.

(3) There being nothing further to be done herein, this matter shall be dismissed from the Commission's docket of active proceedings.

CASE NO. PUE960115
JANUARY 9, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For a Certificate of Public Convenience and Necessity authorizing operation of transmission lines and facilities: 230 kV Transmission Line from Chickahominy-Darbytown 230 kV Transmission Line to White Oak Substation

ORDER GRANTING APPLICATION

Before the Commission is the application of Virginia Electric and Power Company ("Virginia Power" or "Company") for a certificate of public convenience and necessity authorizing it to build and operate a double-circuit 230 kV transmission line in eastern Henrico County from a point on the Company's existing Chickahominy-Darbytown 230 kV transmission line to a new White Oak Substation. As modified herein, we grant the application with certain conditions for approval.

Procedural History

On July 12, 1996, Virginia Power filed its application as described above. By Order dated July 30, 1996, the Commission assigned the matter to a Hearing Examiner; directed Virginia Power to publish notice of its application and the proceedings; established a procedural schedule; and, set a hearing date of October 28, 1996. Pursuant to this Order, Protests were filed by Marilynn Paschke and Arthur D. Mathews (collectively, "Protestants").

These parties, along with the Commission Staff, appeared and offered testimony at the public hearing conducted on October 28, 1996. Additionally, four interveners appeared and made statements opposing the proposed line. Counsel appearing were Guy T. Tripp, III, for Virginia Power and Wayne Smith and Amy Sheridan for the Commission Staff. Protestants Paschke and Mathews appeared *pro se*.

Following the conclusion of the hearing, and after making visual inspection of the proposed and alternative routes for the transmission line, the Hearing Examiner issued his Report on December 11, 1996. Pursuant to Order dated December 23, 1996, the date for filing comments and exceptions was extended from December 26 to December 31, 1996, at the request of Ms. Paschke. Ms. Paschke's comments, along with those of the Company, were filed on December 31. The Examiner's findings and recommendations are that:

> (1) There is a need for additional transmission facilities to meet the electric power requirements of the Motorola-Siemens manufacturing plant and future development at the Elko Tract in eastern Henrico County, Virginia;
>
> (2) The need for additional electric power can reasonably be met by the construction of a double-circuit 230 kV transmission line along the route proposed by the Company;
>
> (3) The Company should be required to adopt the mitigation measures described in [the] Report in order to minimize the line's impact on the environment and archeologically significant resources of the area; and
>
> (4) The building of this new transmission line is required by the public convenience and necessity.

Need for the Project

As noted in the Examiner's Report, there is no real controversy regarding the need for an additional transmission facility to serve the semiconductor manufacturing plant currently being built on the Elko Tract in eastern Henrico County. When completed, the White Oak facility will require approximately 80 MW of reliable electric capacity and the existing distribution facilities in the area have a delivery capability of less than 10 MW of additional load. Hence, there is a demonstrated need for the construction of a transmission line to serve this plant, but the question is, as is so often the case, where to build the line? As the Examiner correctly observes, "[a]ny overhead transmission line, regardless of its location, will have an adverse impact on the scenic, historic, and environmental assets in the geographic area where it is located."[1] The Commission's task is to approve a route that reasonably minimizes those adverse impacts.

Route of the Transmission Line

There are two route proposals before the Commission. Virginia Power proposes to construct a new substation at the White Oak site and to construct a new 230 kV transmission line from the White Oak substation running in a generally southerly direction, to intersect with its 230 kV Chickahominy-Darbytown transmission line. The Protestants favor extending the new 230 kV transmission line from the White Oak substation north and eastward to intersect with Virginia Power's approved, but as yet unbuilt, Chickahominy-Elmont 230 kV transmission line. Both proposals require, initially, the construction of approximately 3.3 miles of new transmission line. However, the Protestants' route would also require the construction of the remaining approximately 16 miles of the Chickahominy-Old Church 230 kV transmission line in order for reliable electrical service to be provided to the White Oak plant.

Approval of a Route for the Transmission Line

Upon consideration of the record developed at the evidentiary hearing, the Hearing Examiner's Report, the comments and exceptions thereto, the Commission will adopt the Examiner's recommendation to approve Virginia Power's proposed route, with the additional considerations for approval established herein. The Commission agrees with Examiner Richardson's assessment of the relative merits of the two routes and concludes that the Protestants' route, which would likely have a somewhat lesser impact on the area's wetlands and certain rare plant species, imposes unacceptably greater

[1] Report, at 7.

impacts on numerous residences (including a required taking of at least one residence), provides a lesser degree of service reliability, and would cost much more than the Company route. The Commission finds that the route proposed by Virginia Power "reasonably minimize[s] adverse impact on the scenic assets, historic districts and environment of the area concerned," as required by Virginia Code § 56-46.1. However, the Commission shares the concerns of the area landowners and the Hearing Examiner that rare and endangered plants not be disturbed and that archeological sites, if any, along the route be preserved and will therefore approve the route with the additional mitigation measures described below.

Mitigation Measures

In his Report, the Examiner recommends certain mitigation measures that Virginia Power should be directed to employ during construction of the line in order to minimize adverse impacts of the line. First, the Examiner recommends that Virginia Power employ mats, rather than use of corduroy roads, to construct the line across wetlands and that the Company should be required to disk the wetlands following removal of the construction mats. In its Comments, Virginia Power requested that instead of being ordered to disk the wetlands, it should be directed to consult with the appropriate environmental agencies and conduct such mitigation after removal of the mats as may be authorized by those agencies. The Commission finds this to be reasonable and will require the Company to report to the Commission Staff as to the mitigation method that will be employed.

Further, the Examiner recommends that the Company not maintain rights-of-way through broadcast application of herbicide. The Commission will adopt this recommendation. Spot application only of Environmental Protection Agency-approved herbicides will be permitted.

Finally, the Examiner recommends that the Company should "conduct a detailed survey of the route to ensure that all rare plants and archeological sites are avoided to the extent possible during the construction process."[2] The Commission will approve this recommendation and require the Company to submit the survey to the Commission Staff and to advise and consult with the Staff during the construction phase should it appear that any rare plant or archeological site might be disturbed during construction.

Accordingly, IT IS ORDERED that:

(1) Virginia Power's application for a certificate of public convenience and necessity is granted, as modified and conditioned herein;

(2) Virginia Power is authorized to construct and operate a double-circuit 230 kV transmission line from a point on its Chickahominy-Darbytown 230 kV transmission line to the White Oak Substation;

(3) Upon receipt of this Order, Virginia Power shall file amended maps showing the route of the transmission line as approved herein so that an appropriate certificate of public convenience and necessity may be issued; and

(4) This matter is dismissed from the docket and the papers transferred to the file for ended causes.

[2] Report, at 10.

CASE NO. PUE960115
FEBRUARY 7, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For a certificate of public convenience and necessity authorizing operation of transmission lines and facilities: 230 kV Transmission Line from Chickahominy-Darbytown 230 kV Transmission Line to White Oak Substation

ORDER ISSUING CERTIFICATE

On January 9, 1997, the Commission granted Virginia Electric and Power Company's application to construct and operate a double-circuit 230 kV tap line from its Chickahominy-Darbytown Transmission Line to a new White Oak Substation in Henrico County. The Commission directed the Company to file an amended map showing the approved route so that an appropriate amended certificate of public convenience and necessity for Henrico County could be issued. A map of the proper scale showing the approved route is now on file with the Commission.

Accordingly, IT IS ORDERED THAT an amended certificate of public convenience and necessity be issued to Virginia Electric and Power Company as follows:

> Certificate No. ET-86o, for Henrico County, authorizing the Virginia Electric and Power Company to operate the presently certificated transmission lines and facilities in Henrico County, and to construct and operate the proposed transmission line and facilities in Henrico County, all as shown on map attached hereto; Certificate No. ET-86o, will supersede Certificate No. ET-86n issued on September 3, 1992.

CASE NO. PUE960128
OCTOBER 2, 1997

APPLICATION OF
EARLYSVILLE FOREST WATER COMPANY

For a certificate of public convenience and necessity and review of a proposed increase in water rates

FINAL ORDER

By letter dated June 13, 1996, the Earlysville Forest Water Company ("Earlysville" or the Company") notified its customers of its intent to increase its rates for water service effective August 1, 1996. The Company proposed to increase its monthly flat rate for residential customers from $35.00 to $42.00, for the months of August and September, 1996. Earlysville further proposed to install meters, and for service provided on and after October 1, 1996, to initiate billing by water volume at the rate of $7.02 per 1,000 gallons, plus a $10.00 monthly service charge.[1] In an amendment to that application, the Company proposed to include in its rules and regulations of service a ban on all lawn watering.

On August 14, 1996, 104, or fifty-three percent, of the approximately 195 Earlysville customers filed petitions pursuant to § 13.1-620 G of the Code of Virginia seeking Commission review of the Company's proposed rate increase. By order dated September 16, 1996, the Commission established a procedural schedule for the filing of pleadings, testimony, and exhibits, and set the matter for a hearing before a Hearing Examiner on February 12, 1997. That procedural schedule was subsequently suspended pursuant to an October 17, 1996 Ruling granting Earlysville's Motion to Suspend. Pursuant to the Commission Staff's response to Earlysville's motion, the Hearing Examiner also directed the Company to file, by December 2, 1996, an application for a certificate of public convenience and necessity,[2] and to amend its articles of incorporation to reflect that it conducts business as a public service company.

Earlysville filed its application for a certificate, and the Commission, by order dated January 10, 1997, granted Staff's motion to consolidate the certificate application (Case No. PUE960305) with the proceeding investigating the Company's proposed rate increase.

A revised procedural schedule was issued, and a public hearing was held on April 29, 1997 before Hearing Examiner Deborah V. Ellenberg. Counsel appearing were Donald G. Owens for the Company, and Marta B. Curtis and C. Meade Browder, Jr. for the Commission's Staff. Two customers, Bradley P. Groff and Beth Barnett, appeared as public witnesses and made statements at the hearing.

Mr. Groff expressed the customer's desire to obtain some objective review of Earlysville's rates, and noted that concerns with incurring costs of a rate case had prevented the homeowners from pursuing regulation of the Company in the past. He opposed the ban on lawn watering, asserting that metered rates would ensure conservation, and that such a ban could not be administered effectively or fairly. He suggested that rates be kept at an average of $35.00 per month for a year with any increases phased-in over four years. Mr. Groff also requested that the Staff audit the Company in five years and establish rates based on the audit at that time.

Ms. Barnett stated that a $35.00 per month minimum rate is high for people making only limited use of the system, and that high water rates in Earlysville Forest are adversely affecting the real estate market and property values in the subdivision.

Prior to the hearing, the Company agreed to revise its proposed rates to conform with the following rate design recommended by Staff: $35.00 minimum charge on first 2,000 gallons usage; $3.25 per 1,000 gallons on usage from 2,001 to 6,000 gallons; and $5.00 per 1,000 gallons on usage in excess of 6,001 gallons.

Staff recommended the booking of certain accounting adjustments which were not at issue in the proceeding. Staff also recommended that Earlysville maintain its books and records in accordance with the Uniform System of Accounts for Class C water companies.

The main issue in controversy related to the Company's proposed restrictions on lawn watering. The Company's proposed rates, rules and regulations contained a ban on lawn watering. In response to objections to the ban, the Company submitted a revised proposal that would restrict lawn watering to the hours of 8:00 a.m. to 5:00 p.m., on Mondays, Wednesdays, and Fridays. Staff continued to oppose any restriction on watering (except during periods of droughts or emergencies) because it believed metered rates under its rate design proposal would send appropriate price signals to discourage excessive watering, and because it was concerned that such a ban could not be equitably enforced.

On July 25, 1997, the Hearing Examiner filed her Report in which she made the following findings:

(1) The Company should be granted a certificate of public convenience and necessity to provide water service in the Earlysville Forest subdivision;

(2) The Staff's rate design is reasonable and should be adopted;

(3) The Company's proposed miscellaneous service charges, except its customer deposit proposal, are reasonable and should be adopted;

(4) The charge for a customer deposit should be set at a customer's estimated liability for two months' usage, as recommended by Staff;

---

[1] The Company's three commercial customers had been charged a flat rate of $90.00. Beginning October 1, 1996, they were to be charged the same metered rate as residential customers.

[2] In 1985, the Company had attempted to obtain a certificate, but the Albemarle County Board of Supervisors withheld its approval of that application. Pursuant to § 56-265.3 C of the Code of Virginia, such approval is needed before a certificate can be granted. The County Board of Supervisors now supports the Company's request for a certificate.

(5) With the exception of Staff's recommendation that there be no ban on lawn watering, Staff's recommended changes to the Company's rules and regulations should be adopted with specific reference to rules governing meter testing, owners' liability for tenants' bills, late payment charges, and water pressure;

(6) The Company's rules should also be revised to permit lawn watering except during the times of peak usage as specified in the Hearing Examiner's Report;

(7) The Company should be required to keep its books and records in accordance with the Uniform System of Accounts for Class C Water Companies;

(8) The proposed rates will allow the Company an opportunity to generate annual revenues of $109,395, and net operating income of $22,703;

(9) The Company's rate base is $321,707;

(10) The proposed rates will allow the Company an opportunity to earn a 10.59% return on its rate base; and

(11) The proposed rates are just and reasonable.

The Examiner recommended that the Commission enter an order that adopts the findings in her Report; grants the Company a certificate of public convenience and necessity; grants the Company the rates as modified and proposed by Staff; and dismisses the case from the Commission's active docket.

Relative to the controversial lawn watering issue, the Hearing Examiner determined that the most appropriate manner in which to accommodate the concerns of both Staff and the Company is to allow watering during all but the peak usage times of 5:00 p.m. to 8:00 p.m., Monday through Friday (and during periods of drought or emergencies).

On August 7, 1997, Earlysville filed comments on the Examiner's Report. It did not take exception to the Report's findings and recommendations, but asserted the need for a higher return than that provided by both its current rates and the modified rates proposed by Staff. The Company also reiterated its concern about the system's capacity to accommodate any lawn watering. Earlysville asked the Commission to issue it a certificate and to adopt the Report's findings and recommendations as to the Company's rates, rules, and regulations. The Company further requested that the changes to its rates, rules, and regulations become effective as of the date that would coincide with the next billing period of the Company subsequent to the final decision in this matter.

NOW THE COMMISSION, having considered the Examiner's Report and the record, is of the opinion that the Examiner's findings and recommendations are reasonable and should be adopted with one exception.

The Commission agrees with Staff that there should be no bar or restrictions placed on lawn watering. We share Staff's concern over the difficulty in ensuring that such restriction could be enforced in a practical and equitable manner. In addition, we note that the switch from flat to metered rates should enable appropriate price signals to be sent which will discourage wasteful usage.

The Company should continue to inform its customers of the system's capacity restraints during peak usage, and provide useful information on conservation. We will direct the Company to monitor what effect lawn watering has on the system, and the Staff should work with the Company in its monitoring efforts.

Rule 14 of the Company's rules and regulations shall therefore read as follows: "The Company may in times of drought and emergencies prohibit lawn watering. Customers will be notified in writing of any such prohibition." Accordingly,

IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner as detailed in her July 25, 1997 Report, as modified herein, are hereby adopted.

(2) The Company is granted Certificate No. W-287 to provide water service to the Earlysville Forest subdivision in Albemarle County, Virginia.

(3) The Company's proposed rates, rules and regulations, as modified by Staff, are approved.

(4) The Company shall implement Staff's booking recommendations.

(5) The changes to the Company's rates, rules, and regulations ordered herein shall become effective for service rendered on and after September 30, 1997.

(6) The Company shall file within 30 days a revised tariff to reflect the rates, rules, and regulations approved herein.

(7) This case is dismissed from the Commission's docket of active cases and the papers placed in the file for ended causes.

CASE NO. PUE960133
MARCH 31, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
GEORGE M. HUDGINS, et al.
v.
SYDNOR HYDRODYNAMICS, INC.

CONSENT ORDER

On November 1, 1996, the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel") requested that the Commission issue an order scheduling a hearing, pursuant to Va. Code § 13.1-620(G), to have the rates Sydnor Hydrodynamics, Inc. ("Sydnor" or "the Company") charges its customers in First Colony Subdivision made interim and subject to refund. Staff joined in that request in its reply filed on February 13, 1997.

With regard to the foregoing, Sydnor, the Commission Staff, and Consumer Counsel now agree that the rates currently being charged by Sydnor to customers in the First Colony Subdivision should be made interim, subject to refund, as of April 1, 1997, pending further orders of the Commission in this docket.

The Commission, upon consideration of this matter, is of the opinion that the requests of Sydnor, Staff, and Consumer Counsel should be granted. Accordingly,

IT IS ORDERED THAT the rates currently being charged by Sydnor to customers in the First Colony Subdivision shall be made interim, subject to refund, as of April 1, 1997, pending further orders of the Commission.

CASE NO. PUE960134 (FORMERLY CASE NO. PUE940078)
FEBRUARY 6, 1997

PETITION OF
VIRGINIA GAS STORAGE COMPANY

For removal of certain restrictions in its Certificate of Public Convenience and Necessity

FINAL ORDER

On August 29, 1996, Virginia Gas Storage Company ("VGSC" or "the Company") filed a Petition, together with an engineering study, which requested the Commission to remove the 1,800 psig Maximum Allowable Operating Pressure ("MAOP") limitation in the Company's certificate of public convenience and necessity, issued in Case No. PUE940078. On September 23, 1994, the Company filed a document supplementing its application, which advised that its study indicated that safe surface operating pressures in the Price Formation wells could be increased to 2,367 psig, and that pressures for the Little Valley Formation wells could be increased to 2,508 psig. VGSC requested that its MAOP be increased for its underground natural gas facility to 2,000 psig at the surface.

In its October 8, 1996 order, the Commission docketed the captioned petition, directed the Company to publish notice of its petition in newspapers of general circulation in the area where VGSC's certificated underground storage facility and related facilities were located, and directed the Company to serve a copy of the order on local officials in the counties and cities where the underground storage facilities were located. The same order established procedures for requesting an ore tenus hearing on the petition and for filing comments. It also directed the Commission Staff to file a report addressing the propriety of removing the MAOP restriction on VGSC's underground storage facilities.

No comments or requests for hearing were filed on the captioned petition.

On November 25, 1996, the Staff filed its report in the captioned matter. In its report, the Staff noted that all VGSC's wellheads and monitoring well valves have a MAOP of 1,818 psig, according to 49 C.F.R. § 192.619(a)(2)(ii) of the Pipeline Safety regulations adopted by the Commission. The Staff noted that if the Commission granted the Company's petition, it should condition its approval upon the replacement of the wellheads and monitoring well valves prior to increasing the MAOP above the 1,800 psig level.

Further, the Staff report recommended that: (i) the injection pressures at the facility be increased in stages; (ii) as the underground facility injection pressure was increased, the slope of the injection pressure versus the injected volume curve should be evaluated at several pressure intervals; (iii) VGSC should re-enter some of the plugged wells and upgrade them as monitoring wells prior to any increase in pressure in the Price or Little Valley Formations. The Staff noted that pressure data gathered from these wells would be useful in assessing the tightness of the cap rock and to estimate the maximum injection pressures which could be allowed in the Little Valley Formation.

On January 17, 1997, VGSC, by counsel, filed its response to the Staff report. That response agreed to the Staff's recommendations, including the recommendation to keep records of injection pressures versus injection volumes. The Company recited that, as a result of further discussions with the Staff, it would use the following wells for pressure monitoring:

WELLS	MONITORING ZONES
EH-106	Price/Little Valley
EH-100	Little Valley

EH-102	Little Valley
EH-126	Little Valley
EH-95	Little Valley
EH-57	Price/Little Valley
EH-107	Price/Little Valley
EH-122	Zone above Little Valley

VGSC represented that it would collect data from these wells on a weekly basis and that at any time the field pressure changed more than ten percent, it would take daily pressure readings. The Company agreed to submit its monitoring data to the Staff on a quarterly basis.

Additionally, VGSC advised that it would continue to perform monthly leak detection surveys on all the wells located on the storage facility. The Company also agreed to petition the Commission if any additional increase in the MAOP for its underground storage facility above 2,000 psig was necessary.

On January 17, 1997, VGSC, by counsel, filed its proof of notice and service, together with a Motion for Leave to File Proof of Notice and Service Out of Time.

NOW, upon consideration of the foregoing, the Commission is of the opinion and finds that the Company's proof of notice and service should be received; that the Company's January 17 Motion should be granted; and that the MAOP of the storage facility and the compressor station piping located in the underground storage facility in Washington and Scott Counties, Virginia, certificated in Case No. PUE940078, should remain at 1,800 psig until such time as all facilities, including the wellheads and monitoring well valves, within the storage field have a MAOP of at least 2,000 psig, as established in accordance with 49 C .F. R. § 192.619. Once all equipment has been uprated to an established MAOP of at least 2,000 psig, the Company should certify the same to the Division of Energy Regulation, and VGSC may increase the MAOP of the facility to 2,000 psig at the surface.

The Commission further finds that the pressure for the subject underground storage facility should be increased in stages as described in the Staff report; that VGSC should keep records of injection pressures and injection volumes and that the wells identified herein should be employed to monitor pressure in the facility. Pressure data should be collected on these wells on a weekly basis. If any pressure changes greater than ten percent occur, daily pressure readings must be taken. This pressure data should be submitted to the Staff on a quarterly basis. Further, VGSC should continue to perform leak detection surveys on all wells in the certificated facility and must request authority from the Commission if it wishes to raise the MAOP on the subject underground storage facilities above 2,000 psig at the surface.

Accordingly, IT IS ORDERED THAT:

(1) VGSC's proof of notice and service is hereby accepted.

(2) The MAOP for the storage field and compressor station piping, prior to the meter assembly, for the storage facility certificated in Case No. PUE940078, located in Scott and Washington Counties, Virginia, shall remain at 1,800 psig until such time as all facilities, including the wellheads and monitoring well valves have a MAOP of at least 2,000 psig, as established in accordance with 49 C .F .R. § 192.619.

(3) VGSC shall file a document with the Division of Energy Regulation, following completion of the uprating, certifying that all of its facilities, including the wellheads and monitoring well valves, have a MAOP of at least 2,000 psig, as established in accordance with 49 C. F. R. § 192.619. Thereafter, VGSC may gradually increase the MAOP for the subject underground storage facilities to 2,000 psig at the surface.

(4) VGSC shall comply with the pressure monitoring and reporting procedures described herein and detailed in the Staff report and the Company's response thereto.

(5) The Company shall also continue to perform leak detection surveys on all of the wells located in the certificated underground storage facility.

(6) In the event the Company desires to increase the MAOP of the subject underground storage facilities above 2,000 psig at the surface, it shall file an application with the Commission to do so.

(7) There being nothing further to be done in this matter, this case shall be dismissed, and the papers filed herein shall be made a part of the Commission's file for ended causes.

CASE NO. PUE960226
JUNE 11, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise the fuel factor pursuant to Virginia Code § 56-249.6

ORDER ESTABLISHING FUEL FACTOR

On October 21, 1996, Virginia Power filed its application and supporting documents requesting an increase in its zero-based fuel factor rate from 1.229¢ per kWh to 1.322¢ per kWh effective for usage on and after December 1, 1996. The Company also requested specific treatment regarding its Experimental Real Time Pricing Rate Schedule. By Order of October 30, 1996, Virginia Power was required to provide specific notice of its application,

including publication of notice in newspapers of general circulation throughout its service territory.[1] Notice of Protest and Protest were received from Carlo Tarley, Marty Hudson and Ronald Baker (collectively "the Citizen Protestants").[2]

On November 8, 1996, the Citizen Protestants filed a Motion to Extend Hearing Schedule in this matter. In particular the Citizen Protestants stated that a sixty day extension of time for filing their Protest and prefiled testimony was needed to afford the Citizen Protestants an opportunity to engage in reasonable discovery upon Virginia Power and to permit expert witnesses the opportunity to review the results of such discovery and prepare testimony.

On November 12, 1996, Commission Staff also filed a motion requesting an extension of the procedural schedule. Staff further requested that Virginia Power's proposed fuel factor of 1.322¢ per kWh be allowed to become effective, as requested by the Company, for usage on and after December 1, 1996. Staff noted that any potential adjustments required after the hearing on this matter could be reflected prospectively through the correction factor component of the fuel factor. By Orders of November 12, 1996, and November 20, 1996, the Commission extended the procedural schedule for this matter and established a fuel factor of 1.322¢ per kWh.

On December 21, 1996, the Citizen Protestants filed a motion requesting a second extension of time for filing their Protest and testimony and a concomitant thirty day extension of the remaining procedural schedule. The Citizen Protestants stated that the additional time was required due to delays in the discovery process. By Order dated January 8, 1997, the Citizen Protestants' request for extension was granted and the hearing date for this matter was set for April 17, 1997.

On April 17, 1997, this matter came before the Commission for hearing. At that time the Commission granted the request of the Virginia Committee for Fair Utility Rates that its status be changed from a protestant to an intervenor. The Commission also noted that two motions were pending in this matter: Virginia Power's motion to dismiss the Citizen Protestants from the proceeding and the Citizen Protestants' Motion in Limine regarding a specific document provided by Virginia Power to the Citizen Protestants after the Citizen Protestants filed their testimony in this proceeding.

Virginia Power's motion to dismiss the Citizen Protestants from this case stated that the Citizen Protestants had not filed a protest that met the requirements of Rules 5:10(a) and 5:16(b) of the Commission's Rules of Practice and Procedure ("Rules"). In particular the Company stated that the Protest failed to contain any statement of the interest of any of the Citizen Protestants in the proceeding or any statement of the specific relief sought and the legal basis therefor. The Company also stated that the Citizen Protestants' Protest failed to contain the post office address of each party for whom the Protest was filed. Virginia Power also noted that the prefiled testimony of Michael Buckner stated in its caption that it is submitted "on Behalf of the International Union, United Mine Workers of America." Virginia Power asserted that the Citizen Protestants are not in this proceeding to represent their own interests as customers of Virginia Power but as the alter ego of the UMWA, which has no standing and is not a party.

In response, the Citizen Protestants stated that all named protestants are Virginia Power ratepayers and therefore have standing to participate in this proceeding. With respect to Mr. Buckner's prefiled testimony, the Citizen Protestants stated that the witness, although employed by the UMWA, is appearing on behalf of the Citizen Protestants. The Citizen Protestants stated that the language identifying Mr. Buckner as appearing on behalf of the UMWA is an error that was overlooked in proofreading. The Citizen Protestants also noted that the Company did not object to the Citizen Protestants' Protest when it was filed in November of 1996 and therefore should be estopped from asserting such challenge days before the hearing for this matter. On March 13, 1997, the Citizen Protestants filed an amended protest that met the requirements of the Commission's Rules.

At the April 17, 1997, hearing the Commission ruled on the Motion to Dismiss after hearing oral argument. The Commission, noting that the Citizen Protestants had filed an amended protest and are ratepayers of Virginia Power, denied the Company's motion. The Commission deferred ruling on the Citizen Protestants' Motion in Limine until after hearing on this matter.

The only contested issue in this proceeding, raised by the Citizen Protestants, is whether Virginia Power's selection of a high volume coal supplier for its Mount Storm generating station was prudent.[3]

By way of factual background, on February 9, 1995, Virginia Power sent to selected coal suppliers Requests for Proposals ("RFP") to bid for several low-volume coal supply contracts and one high-volume contract, all for a five-year term beginning on January 1, 1997, with a two-year unilateral extension at the Company's option. The low-volume contracts that were subsequently signed have raised no questions. The award of the high-volume contract is at issue in this proceeding.

The Company received responses to its RFP from Consol, Inc. ("Consol"), the owner of the Potomac Mine, and Mapco Coal, Inc. ("Mapco"), the owner of the Mettiki Mine. The Potomac Mine is about one mile from Mount Storm and generally delivers coal to the plant by a conveyor belt. The Mettiki mine is located in Maryland about 30 road miles from Mount Storm.

---

[1] On September 19, 1996, the Commission entered an order granting Virginia Electric and Power Company's ("Virginia Power" or "the Company") motion for an extension of time until October 21, 1996, in which to file its new fuel factor projections with the Commission. By Order dated October 7, 1996, the Commission established a procedural schedule for this matter, which among other things consolidated the Commission's investigation of spent nuclear fuel storage and disposal (Case No. PUE950060), insofar as it pertains to Virginia Power, with the Company's pending fuel factor proceeding (Case No. PUE960226). By Order dated March 20, 1997, such issues were returned to the generic spent nuclear fuel storage and disposal docket, Case No. PUE950060.

[2] A protest was also received from the Virginia Committee for Fair Utility Rates ("Committee"). At the hearing, the Commission granted the Committee's request to change its status from a protestant to an intervenor.

[3] It was Staff's testimony that the amount of expenses at issue related to the Company's choice of a high-volume coal supplier for Mount Storm would have no impact on the proposed fuel factor due to the relatively small amount in controversy as compared to Virginia Power's total fuel costs. Nevertheless, the Commission considers all allegations of imprudence a serious matter and has carefully reviewed this matter.

Virginia Power chose to take advantage of its position as a buyer in what it described as an oversupplied market and award only one high-volume contract. It was the Company's strategy to force Consol and Mapco into a winner-take-all bidding situation. The Company's initial intent was to lock in the expected lower prices with a five-year high-volume contract.

The RFP for the high-volume contract called for a base annual tonnage ("BATO") of 1.7 to 1.85 million tons per year. Consol responded to the RFP by providing a single bid, one which matched the five-year base specification of the RFP. All bidders had been notified that alternatives would be welcomed and Mapco offered a number of alternatives for the five-year contract, as well as a number of 10 and 15 year alternatives. These alternatives offered an alternative BATO of 2.25 million tons as well as various coal qualities. These alternatives carried differing per-ton prices.

Virginia Power assigned costs to the various coal qualities of the Mapco bids and determined the least expensive Mapco option, which, compared to Consol's offering, including coal quality cost, was more expensive on a net present value basis over the seven years of the extended five-year contract. With station impact[4] costs included, Consol's offering was still less expensive.

Upon review of the responses to the RFP, Virginia Power concluded that the prices offered by Mapco in its ten-year term 2.25 million ton per year option might offer a lower cost coal procurement strategy than any of the five-year bids offered by Consol or Mapco. Consequently, the Company offered Consol the option to present a bid for a ten-year, 2.25 million ton per year contract. At that time, Mapco was offered the opportunity to make changes in its earlier bid, and was specifically asked to firm up a price reopener clause. The deadline for these bids was July 7, 1995.

On July 7, Mapco resubmitted its earlier ten-year bid with the price reopener firmed up. Consol, on the other hand, did not submit a ten-year bid by the deadline on July 7, but rather submitted an alternative with a shorter fixed term. On July 10, 1995, however, Consol did submit a ten-year bid conforming to the Company's request. Virginia Power accepted the late bid and evaluated it. On a present value basis, over ten years, the Company's evaluation showed the Mapco offer now to be lower cost than the Consol offer, both on the basis of coal plus quality costs, and including station impact costs.

The Citizen Protestants raised three primary arguments regarding Virginia Power's coal procurement activities described above: first, that Virginia Power's procurement strategy was ill-advised in that it necessarily failed to preserve both of the high-volume long wall mining operations, i.e., Consol and Mapco, that serve the local market; second, that the Company should not have rejected the bids for a five-year supply with an option to extend for two years or resolicited for a ten-year supply; and third, that certain costs associated with the Mapco/Mettiki proposal were not considered in the evaluation of that proposal.

Virginia Power did not contest that its procurement strategy does not preserve more than one of the high-volume long wall mining operations that serve the Mount Storm local market. The Company testified, however, that it concluded it would be advantageous to seek a single high-volume supplier and several low-volume suppliers for Mount Storm. In particular, the Company stated its opinion that it was likely that the only way both the Consol mine and the Mapco mine could stay open would be for Virginia Power to award a high-volume contract to both. In the Company's view, this would create a duopoly of high-volume suppliers, which would lead to a reduction in the number of local low-volume mines, as Virginia Power's demand for low-volume suppliers would have been less. It is the Company's position that such a shift away from a more diverse set of coal suppliers toward a duopoly would likely lead to higher coal prices.

We cannot find, based on the evidence in this proceeding, that the Company's decision to solicit one high-volume coal contract was imprudent. While Virginia Power's rationale appears reasonable and Citizen Protestants did not show it was imprudent, we are disappointed that Virginia Power either did not evaluate or chose not to present evidence of evaluating the long term impact of its procurement strategy that is likely to leave the Mount Storm station with only one local high-volume long wall supplier at the end of the ten-year contract period.

The Citizen Protestants also questioned Virginia Power's management decision to shift away from a five-year contract in pursuit of a ten-year contract. Although it is uncontested that Consol was the winner of the five-year bid, it was also uncontested that Virginia Power reserved the right to reject all bids. The evidence also establishes that upon evaluation the Mapco/Mettiki ten-year bids, presented in the original bid solicitation, the Company believed it could achieve lower overall coal costs by going to a longer term contract. Again, while Virginia Power's position appears reasonable on the surface, the Commission notes that Virginia Power did not produce the witness who had performed a risk or sensitivity analysis of the ten-year contract term.[5] In the future, the Commission expects to hear from witnesses who are knowledgeable about matters at issue.

The Protestants also alleged that certain costs associated with the Mapco/Mettiki proposal were not considered in the evaluation of that proposal. The majority of the hearing before the Commission dealt with consideration of this issue. In particular, the Citizen Protestants alleged that the awarding of a single high-volume coal contract to Mapco/Mettiki has necessitated Virginia Power's request for an opacity variance for the Mount Storm station from the West Virginia Office of Air Quality. The Citizen Protestants further alleged that if such a variance is not granted Virginia Power will be required to spend approximately $28 million to contend with the opacity problems caused by burning Mapco/Mettiki coal. The evidence before the Commission does not establish that the opacity problem at Virginia Power's Mount Storm station occurs solely because Mapco/Mettiki coal is burned.

Virginia Power presented filings made with the United States Securities and Exchange Commission that established that opacity has been a problem at the Mount Storm station for the years 1993 to the present. During the years 1993 to present, the Mount Storm generating facility has burned coal originating from both Potomac/Consol and Mapco/Mettiki, as well as from other mines.[6] As such, at the present time, we are unable to conclude that Virginia Power's choice of Mapco as its new high-volume coal supplier will lead to greater future opacity problems and potential remediation costs.

---

[4] Station impacts include the accommodations that have to be made at the Mount Storm station to receive coal by different transportation modes and the effects of different coal qualities. Two significant station impacts were the differing sulfur contents of the competing coals and the fact that Consol coal would be received mostly by conveyor versus Mapco coal being received by truck.

[5] When asked if specific analyses had been performed to evaluate specific risks of entering a 10-year coal supply contract, the Company's witness repeatedly answered that he had no personal knowledge of such studies and would have to defer the question to another Virginia Power employee, who was never called to testify.

[6] The Citizen Protestants presented Virginia Power's Petition for Alternative Visible Emission Standard ("Petition") filed with the West Virginia Office of Air Quality. The Citizen Protestants quoted the portion of the Petition stating that "Mount Storm's temporary reliance [in the fall of 1993] on different

In light of the above, the Commission is of the opinion and finds that the evidence before it in this proceeding does not support a finding of imprudence with regard to Virginia Power's coal procurement practices. We further find that Virginia Power's fuel factor of 1.322¢ per kWh should remain in effect. Approval of this fuel factor, however, is not to be construed as approval of the Company's actual fuel expenses. For each calendar year, Commission Staff conducts an audit and investigation which addresses, among other things, the appropriateness and reasonableness of the Company's booked fuel expenses. Staff's results are documented in an annual report ("Staff's Annual Report"). A copy of Staff's Annual Report is sent to the Company and to each party who participated in the Company's fuel factor proceeding, all of whom are provided an opportunity to comment and request a hearing on the report.

Based on Staff's Annual Report, in addition to possible comments and a hearing, the Commission enters an order entitled "Final Audit for Twelve-Month Period Ending December 31, 19__, Fuel Cost-Recovery Position," (hereinafter referred to as "Final Audit Order"). Notwithstanding any findings made by the Commission in an earlier order establishing the Company's fuel factor based on estimates of future expenses and unaudited booked expenses, the Final Audit Order will be the final determination of not only what are in fact allowable fuel expenses and credits, but also the Company's over or underrecovery position at the end of the audit period. 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 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 of the Company's next fuel factor.

We reiterate that no finding in this Order is final, and this matter is continued generally, pending Staff's audit of actual fuel expenses.

As stated earlier, the Citizen Protestants filed a Motion in Limine in this proceeding. In its motion the Citizen Protestants state that Virginia Power provided a ledger dated March 30, 1995, from Mapco/Mettiki and an attached schedule showing reduced delivered coal prices for Options 2, 3, and 4. The documents were provided in response to a data request dated November 16, 1996. The Citizen Protestants further state that on March 21, 1997, eight days after the Citizen Protestants' witness filed his testimony, counsel for Virginia Power contacted counsel for the Citizen Protestants to advise that a schedule ("the New Schedule") had been omitted from the data request. This New Schedule also reduced the Mapco/Mettiki bid for the delivered coal price under Option 1. In Citizen Protestants' opinion the original Consol bid was significantly superior than the Mapco proposal and using the new price for Option 1 in the New Schedule, the Consol and Mettiki proposals are within the margin of error. The Citizen Protestants' request that the data contained in the New Schedule not be considered as it had not been authenticated or delivered timely.

In response, Virginia Power stated that excluding the Schedule from evidence would not affect the evaluation of the Mapco proposal, as the data in the schedule is also established by separate evidence. The Company stated, however, that such exclusion would be improper as it correctly reflects the Mapco proposals as established by other evidence. In its rebuttal testimony, Virginia Power stated that Mapco's bid price for Option 1 was that reflected in the New Schedule and other documents.

We find, upon review of the evidence, that the Citizen Protestants' Motion in Limine should be denied. We further find that excluding the data in the New Schedule from consideration in this matter would not have affected our ultimate decision.

Accordingly, IT IS ORDERED THAT:

(1) Virginia Power's Motion to Dismiss is denied.

(2) The Citizen Protestants' Motion in Limine is denied.

(3) The zero-based fuel factor of 1.322¢ per kWh established by Commission Order of November 12, 1996, remain in effect.

(4) This case is continued generally.

(non-union) coal supplies due to the coal miners' strike and the installation of NO_x controls on Unit 1 may have contributed to the elevated opacity levels." The Citizen Protestants then argued that since Mount Storm burned a significant amount of coal from Mapco's Mettiki Mine during the strike, Mapco/Mettiki coal must be the cause of Mount Storm's opacity problem.

We find that the Citizen Protestants' evidence does not support this conclusion. The Petition relied on by the Citizen Protestants also states that the opacity incident in the fall of 1993 "was related in large part to the use of an unusual coal supply . . . which [Virginia Power] had not previously used." As the Mount Storm station used Mapco/Mettiki coal prior to the fall of 1993, it could not be the "unusual coal supply" referred to by Virginia Power in the Petition.

CASE NO. PUE960229
JANUARY 21, 1997

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For approval of a demand-side management program

ORDER AUTHORIZING PROGRAM

On October 14, 1996, Central Virginia Electric Cooperative ("CVEC" or "the Cooperative") filed an application requesting approval of a demand-side management ("DSM") program. CVEC proposes to implement its DSM program through a direct load control program for electric water heaters. The Cooperative expects the maximum duration of any single curtailment to be no more than four hours. At appropriate peak times, the Cooperative intends to send a signal over the FM airwaves to curtail the operation of the controlled water heaters of consumers participating in the

program. The objective of this program is to reduce CVEC's capacity costs from its two utility suppliers, Virginia Electric and Power Company ("Virginia Power") and American Electric Power - Virginia ("AEP-VA").

Under the proposed program, all CVEC residential customers utilizing electric water heaters with a maximum capacity of 40 gallons and a 4,500 watt element are eligible to participate. The Cooperative reserves the right to refuse installation of a load control switch at its sole discretion. According to CVEC's application, reasons for refusing to install a switch could include such conditions as the unsafe or improper installation of a water heater, minimal usage by a residence, or a significantly undersized water heater given the water heater's expected usage by the consumer. Local independent electricians approved by the Cooperative and selected on the basis of competitive bids will install the load control switches.

As explained in the application, program participants will be offered two types of incentives. One incentive proposed by the Cooperative is an annual credit to the consumer's electric bill of $24.00 per electric water heater load control switch. This credit would be made in a lump sum during October of each year that a customer participates in the program. A participant's initial and final credits will be prorated for the months of participation occurring before October.

The second incentive proposed is a water heater maintenance incentive. As part of this incentive, the customer would receive a free water heater examination at the time a load control switch was installed. Based upon the results of the examination of the water heater or at any time within a twelve month period following the installation of the switch CVEC will repair or replace any of the water heater's electrical components as needed. The purpose of this incentive is to ensure that any water heater repairs will not adversely affect the proper operation of the load control switch. The initial estimated annual cost of the water heater maintenance incentive is $4.00 per water heater.

On November 19, 1996, the Commission entered a procedural order, providing for publication of notice of the contents of the application and establishing a period for the receipt of public comments or requests for hearing. On December 30, 1996, the Cooperative, by counsel, filed its proof of the notice and service required by the November 19, 1996 Order. No comments or requests for hearing on the application were filed.

On January 8, 1997, the Staff filed its report in the matter and recommended that the Commission approve CVEC's proposed electric water heater direct load control program, conditioned upon the Cooperative filing annual status reports for a period of three years containing the following information: (i) a discussion of the successes and failures in implementing the program; (ii) the participation rate of eligible consumers; (iii) identification of the number and a description of the refusals by CVEC to install load control devices; (iv) the Cooperative's record of predicting peaks; (v) the monthly load curtailment expected and realized in kilowatts; (vi) the expenses incurred by the Cooperative in implementing and administering the program; (vii) total credits paid; and (viii) the net savings of the program, if any, to the Cooperative. The Staff suggested that these reports also discuss areas of the program which do not operate as anticipated and should include suggestions for possible improvements to the program. The Staff proposed that CVEC could request discontinuation of the reports at the end of the three year period.

The Staff examined the assumptions used by CVEC in its projections and found them reasonable. It also reviewed CVEC's preliminary benefit/cost ratios for six scenarios, incorporating the participant, the utility cost, the ratepayer impact measure, and the total resource cost tests approved by the Commission in Case No. PUE900070. The calculated ratios for these tests indicate that the program, for each scenario, will be cost beneficial under all of the required tests.

The Staff also supported CVEC's right to refuse installations of a load control switch for the reasons identified in its application. The Staff suggested that if the Cooperative refuses to install a load control switch for a residential customer, it should do so only if the installation would not be cost beneficial to the Cooperative under the program.

On January 10, 1997, CVEC, by counsel, filed a letter supporting the Staff report and requesting the Commission to issue an order approving its application, subject to the Staff's recommended reporting requirements.

NOW, UPON consideration of the Company's application and the Staff's report, the Commission is of the opinion and finds that consistent with Ordering Paragraph (7) of the November 19, 1996 Order for Notice, no hearing is necessary since no requests for hearing were filed. The Commission further finds that CVEC should be permitted to implement its load management program subject to the reporting requirements recommended by the Staff. Based upon the reported results of the program, the Cooperative, the Staff or any other interested person may seek modification or termination of the program if the program is not cost beneficial or if other evidence is presented demonstrating that the program is no longer in the public interest.

Finally, although we are approving the program, we make no findings concerning the reasonableness or recovery by the Cooperative of the program's associated costs. Recovery of these costs through rates is more properly the subject of a subsequent proceeding in which the Cooperative may offer evidence identifying and supporting the expenditures associated with its program.

Accordingly, IT IS ORDERED THAT:

(1) The demand-side management water heater program is approved subject to the conditions recommended by the Staff, effective for service rendered on and after February 1, 1997.

(2) CVEC shall file a report with the Commission's Division of Economics and Finance annually for a period of three years, addressing at a minimum, the issues identified in the Staff report and summarized herein. At the end of the three-year period, CVEC may request the Commission to authorize it to discontinue its reports to the Division of Economics and Finance. During the course of the program, CVEC, Staff, or other interested parties may request authority to discontinue or to modify the program.

(3) On or before January 31, 1997, CVEC shall file revised tariffs with the Division of Energy Regulation, incorporating the provisions of the program authorized herein.

(4) This matter shall be dismissed and the papers filed herein shall be made a part of the Commission's file for ended causes.

CASE NO. PUE960229
JANUARY 24, 1997

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For approval of a demand-side management program

AMENDING ORDER

On January 21, 1997, the State Corporation Commission issued its Order approving Central Virginia Electric Cooperative's ("CVEC's" or "the Cooperative's") application for a demand-side management ("DSM") program, subject to certain reporting requirements. The first paragraph of page 2 of that Order recites that "all CVEC residential customers utilizing electric water heaters with a maximum capacity of 40 gallons and a 4,500 watt element are eligible to participate" in CVEC's proposed program. In order to be eligible to participate in CVEC's DSM program, residential customers must use a water heater with a minimum capacity of 40 gallons rather than a maximum capacity of 40 gallons.

WHEREFORE, the Commission finds that the first paragraph of page 2 of the January 21, 1997 Order Authorizing Program should be amended in pertinent part as follows:

> Under the proposed program, all CVEC residential customers utilizing electric water heaters with a minimum capacity of 40 gallons and a 4,500 watt element are eligible to participate.

All other provisions of the January 21, 1997 Order shall remain in effect.

Accordingly, IT IS ORDERED THAT the first paragraph of page 2 of the January 21, 1997 Order Authorizing Program shall be amended as provided herein, and all other provisions of the January 21, 1997 Order shall remain in effect.

CASE NO. PUE960232
FEBRUARY 20, 1997

APPLICATIONS OF
UNITED CITIES GAS COMPANY
and
ATMOS ENERGY CORPORATION

For authority and approval under Chapters 3, 5, and 10 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY AND APPROVAL

United Cities Gas Company ("United Cities") is a Virginia and Illinois corporation with its principal executive offices at 5300 Maryland Drive, Brentwood, Tennessee 37027. United Cities is certificated to provide retail gas distribution services in the cities and communities of Virginia of Abingdon, Meadowview, Glade Spring, Chilhowie, Marion, Atkins, Wytheville, Pulaski, Dublin, Radford, Bristol, Christiansburg and Blacksburg. In addition, United Cities provides gas service at retail in Illinois, Iowa, Georgia, Missouri, South Carolina, Kansas and Tennessee. Collectively, United Cities serves 335,000 retail customers in the eight states.

Atmos Energy Corporation ("Atmos") is headquartered at 5430 L.B.J. Freeway, Suite 1800, Dallas, Texas, and currently provides retail gas service in Kentucky as Western Kentucky Gas Company, Louisiana, as Trans Louisiana Gas Company, and in Colorado, Kansas, and Missouri as Greeley Gas Company. In Texas, Atmos provides retail gas service as Energas Company. Collectively, Atmos serves more than 675,000 customers in these six states.

On July 19, 1996, United Cities and Atmos (collectively referred to as "the Companies") signed an Agreement and Plan of Reorganization ("the Agreement") by which United Cities would be merged with and into Atmos, and Atmos would be the surviving corporation.[1] Under the Agreement, one share of Atmos would be exchanged for each share of United Cities' stock. The transaction is expected to be tax-free to United Cities' and Atmos' shareholders and accounted for as a "pooling of interests," which will allow the assets of United Cities and Atmos to be carried forward at their recorded values and for the restated income of the merged organization to consist of the incomes of each company in the current fiscal year. Employees of United Cities will become employees of Atmos on the effective date. United Cities will operate as a division of Atmos.

On August 26, 1996, United Cities and Atmos filed with this Commission a joint petition, docketed as Case No. PUA960055, requesting approval of the proposed merger under the Utility Transfers Act. On September 11, 1996, Atmos filed a related application, docketed as Case No. PUF960016, requesting approval of certain securities transactions related to the merger under Chapter 3 of Title 56 of the Virginia Code. On October 8, 1996, the Companies filed a joint application, docketed as PUE960232, requesting the reissuance of United Cities' certificates of public convenience and necessity in the name of Atmos. By orders dated September 19, 1996, and October 24, 1996, the above-described applications were consolidated into Case No. PUE960232 for Commission decision as they all relate to the proposed merger.

[1] The shareholders of Atmos and United Cities approved the merger on November 12, 1996.

The Commission issued a procedural schedule for this matter on November 7, 1997, which, among other things, directed the Companies to publish notice of their applications and provided an opportunity for interested persons to file protests or comments in this matter. No protests or comments were filed with the Commission's Document Control Center. Staff testimony was filed on January 28, 1997, and a hearing was held on February 11, 1997.

With respect to the Companies' application for merger approval under the Utility Transfers Act, Paine Webber Incorporated has provided an opinion to United Cities that the one-for-one stock exchange is "fair" from a financial point of view. United Cities stated that the merger is in the public interest as the larger post-merger company will have better access to capital markets and possibly to the wholesale gas market, while retaining a local focus to its provision of service. In addition, United Cities stated that the merger will provide greater economies of scale that will slow down increases in the cost of providing service in Virginia. Based upon the representations of the Companies, as well as published financial reports, Staff recommended approval of the proposed merger. Staff recommended, however, that the Companies be required to file a report of action, including the date of merger and the accounting entries reflecting the merger within sixty days of the merger's consummation.

In this proceeding Atmos also seeks approval, under Chapter 3 of Title 56 of the Virginia Code, to issue certain securities and to assume the existing debt of United Cities. With respect to the Companies' request for approval to exchange one share of Atmos' stock for each share of United Cities' stock to effectuate the proposed merger, Staff recommended authorization. As the number of shares of United Cities' stock may fluctuate between the time of Atmos' filing in this case and the actual consummation of the merger, Staff noted that the exact number of shares necessary for the exchange could not be determined before the merger takes place. Accordingly, Staff requested that Atmos be required to file with the Commission a report detailing the number of shares exchanged and the price at the time of exchange.

With respect to Atmos' request to issue shares of its common stock pursuant to four existing stock plans, Staff noted that these plans are similar to United Cities' existing plans that have been approved by the Commission and recommended approval. Staff also recommended that Atmos be required to file with the Commission a report stating the exact number of shares remaining under each plan after the consummation of the merger.

Atmos also requested authority to issue, after the merger, shares of its common stock to allow it to continue in effect United Cities' long-term stock plan of 1989. Staff noted that with Atmos continuing this plan, people holding options under the plan will be allowed to exercise their options for common stock at the same exchange rate established for all other common stock under the merger plan. As the number of unissued shares under United Cities' long-term stock plan can change from the time of Atmos' application in this case until the date the merger takes place, Staff recommended that the Commission grant the requested approval but require Atmos to file a report with the Commission detailing the exact number of shares it may issue under the long-term stock plan after the consummation of the merger.

Atmos also requested approval to assume all debts, liabilities and obligations of United Cities. Staff recommended that the assumption of United Cities' debt by Atmos be approved as part of the merger transaction, noting that the merged structure appears strong and the combined cost of debt should be close to United Cities' current cost of debt.

The Companies also filed a joint application requesting that the certificates currently held by United Cities be reissued in the name of Atmos. The Companies stated that on the effective date of the merger, Atmos will become a public service company operating a retail natural gas system in Southwest Virginia. As such, Atmos will be required to hold a certificate of public convenience and necessity authorizing it to furnish such service pursuant to Virginia Code §§ 56-265.2 and 56-265.3. United Cities currently holds certificate numbers G-6d, G-73a, G-74a, G-75g, G-76c, G-77b, G-79b, G-131, and GT-53. Contingent on the Commission's approval of the proposed merger, Staff recommended that the Companies' application to reissue certificates be granted. Staff recommended that the new certificates be issued after consummation of the merger and upon receipt of appropriate maps. The new certificate numbers will be G-6e, G-73b, G-74b, G-75h, G-76d, G-77c, G-79c, G-131a, and GT-53a. Staff also recommended that the surviving corporation be directed to refile its entire gas tariff under the new name "Atmos Energy Corporation" within 60 days of the merger's consummation.

UPON CONSIDERATION of the record for this matter, we find that, pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, the proposed merger of United Cities into Atmos will not impair or jeopardize adequate service to the public at just and reasonable rates, and therefore should be approved subject to Staff's recommended reporting requirements. With respect to the applications filed pursuant to Chapter 3 of Title 56 of the Virginia Code we find that the proposed transactions will not be detrimental to the public interest and therefore should be approved subject to Staff's recommended reporting requirements.

We also find that, pursuant to Virginia Code §§ 56-265.2 and 56-265.3, the certificates of public convenience and necessity currently held by United Cities should be canceled and reissued to Atmos upon consummation of the merger, Atmos becoming a public service company, and the filing of appropriate maps with the Commission's Division of Energy Regulation. We further find that Atmos should refile its entire gas tariff under the name "Atmos Energy Corporation" within 60 days of the merger's consummation. Accordingly,

IT IS ORDERED THAT:

(1) United Cities is hereby granted authority to merge with and into Atmos Energy Corporation pursuant to the July 19, 1996 Agreement in which Atmos will be the surviving Virginia public service company.

(2) Atmos is hereby authorized to issue certain securities and to assume the existing debt of United Cities as described in the application, all under the terms and conditions and for the purposes set forth in the application, to include:

(a) the exchange of one share of Atmos' stock for each share of United Cities' stock to effectuate the merger;

(b) the issuance from time to time after the merger takes place of shares of Atmos' common stock under its existing stock plans;

(c) the issuance of shares of Atmos' common stock to continue in effect United Cities' long-term stock plan of 1989;

(d) the assumption of all debts, liabilities, and obligations of United Cities.

(3) Atmos shall file within sixty (60) days of the consummation of the merger a report to include: the date of the merger; the accounting entries reflecting the merger; the number of shares of Atmos stock exchanged for United Cities' shares; the stock price at the time of the exchange; and the number of authorized but unissued shares under each of Atmos' stock plans (including the United Cities long-term stock plan) at the time of the merger.

(4) Upon Atmos filing appropriate maps with the Division of Energy Regulation reflecting its merger with United Cities, the certificates of public convenience and necessity now in effect for United Cities will be canceled and issued to Atmos.

(5) Within 60 days of the consummation of the merger, Atmos shall refile its entire gas tariff under the name "Atmos Energy Corporation."

(6) The authority granted herein shall have no ratemaking implications.

(7) This matter shall be continued generally subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUE960233
MARCH 11, 1997

APPLICATION OF
C&P ISLE OF WIGHT WATER COMPANY, INC.

For authority to amend its certificate of public convenience and necessity

FINAL ORDER

On October 11, 1996, C&P Isle of Wight Water Company, Inc. ("C&P Isle of Wight" or "the Company") filed an application, pursuant to Virginia Code § 56-265.3(D), to amend its certificate of public convenience and necessity. In its application, the Company requested authority to extend its service territory to provide water service to the Edgewood Estates and Brewer's Creek subdivisions located in Isle of Wight County, Virginia.

The Company also requested to apply to those residents the rates, charges, and rules and regulations of service currently approved for residents in the Ashby and Isle of Wight Industrial Park subdivisions. The Company currently charges no connection fee to such residents. However, there is a $40.00 bimonthly minimum charge for the first 6,000 gallons of water usage and a $1.15 per 1,000 gallon charge for all usage in excess of 6,000 gallons. Moreover, there is a customer deposit equal to a customer's estimated bill for two months' usage; a $20.00 meter test charge if the meter has no average error greater than two percent; and a $25.00 turn-on charge. The turn-on charge is to restore service that has been disconnected for non-payment of any bill or for violation of the Company's rules and regulations of service.

On December 11, 1996, the Commission issued an order directing the Company to give notice of its application and to provide the public with an opportunity to comment and request a hearing. In that order, the Commission also directed its Staff to review the application and to file a report detailing its findings on or before February 10, 1997.

On February 7, 1997, Staff filed its report. Staff recommended that the Commission grant C&P Isle of Wight an amended certificate and approve the rates, charges and rules and regulations of service proposed for the Brewer's Creek and Edgewood Estates subdivisions. Staff noted that no comments or requests for hearing were filed.

Staff also noted that the Company has plans to extend the Brewer's Creek water system to serve two new subdivisions known as Cedar Grove and Quail Meadows. Staff requested that the Company, prior to providing such service, file another application for an amendment to its certificate.

NOW THE COMMISSION, having considered the application, Staff's report and § 56-265.3(D), is of the opinion that C&P Isle of Wight's certificate should be amended to authorize the Company to provide water service to the Brewer's Creek and Edgewood Estates subdivisions in Isle of Wight County, Virginia. We will approve the application of the requested schedule of rates, charges and rules and regulations of service for those subdivisions. Accordingly,

IT IS ORDERED THAT:

(1) Certificate No. W-283 be and hereby is canceled.

(2) C&P Isle of Wight shall be granted an amended certificate of public convenience and necessity (Certificate No. W-283a) authorizing it to provide water service to those areas previously authorized in Certificate No. W-283 as well as to the Brewer's Creek and Edgewood Estates subdivisions located in Isle of Wight County, Virginia.

(3) The rates, charges, rules and regulations of service proposed for the Brewer's Creek and Edgewood Estates subdivisions be and hereby are approved.

(4) There being nothing further to be done in this matter, it be and hereby is dismissed from the Commission's docket of active cases and the papers placed in the file for ended causes.

CASE NO. PUE960305
JANUARY 10, 1997

APPLICATION OF
EARLYSVILLE FOREST WATER COMPANY

For a certificate of public convenience and necessity

ORDER GRANTING MOTION TO CONSOLIDATE

On December 20, 1996, counsel for the Commission Staff filed a Motion to Consolidate the above referenced proceeding with a proceeding being conducted, pursuant to Va. Code § 13.1-620(G), for review of a rate increase implemented by the Company on August 1, 1996, in Case No. PUE960128.

In a Response filed on December 31, 1996, Earlysville Forest Water Company ("the Company"), by its counsel, stated that it had no objection to Staff's Motion provided that the expenses incurred in connection with the investigation of the Company's rates be segregated and that the Company be allowed to recover those expenses over a three year period of time.

In a Reply filed on January 3, 1997, Staff noted that the Company's concern with the treatment of certain expenses should not be an impediment to consolidation since such expenses would be treated the same whether the proceedings were consolidated or not.

NOW THE COMMISSION, having considered the matter, is of the opinion that the Staff's Motion to Consolidate should be granted. We will consolidate this proceeding with Case No. PUE960128 and the matter of establishing a procedural schedule will be addressed by the Hearing Examiner assigned to that case. Accordingly, IT IS ORDERED THAT this matter be, and hereby is, consolidated into Case No. PUE960128.

CASE NO. PUE960360
APRIL 28, 1997

APPLICATION OF
NORTHERN VIRGINIA ELECTRIC COOPERATIVE

For a certificate of public convenience and necessity authorizing construction and operation of transmission lines and facilities in Fairfax County: Moore Substation 230 kV Tap Line

FINAL ORDER GRANTING APPLICATION

Before the Commission is the application of Northern Virginia Electric Cooperative ("NOVEC") for a certificate of public convenience and necessity for construction and operation of approximately 450 feet of single-circuit 230 kV transmission line. This line would connect NOVEC's existing Moore Substation in Fairfax County to an existing Virginia Electric and Power Company ("Virginia Power") transmission line. By order of February 4, 1997, we directed NOVEC to publish notice of this application in newspapers of general circulation in Fairfax County and to serve notice on state and local officials so that interested persons could comment or request a hearing. The Commission also directed its Staff to investigate the application and to prepare a report.

On March 20, 1997, NOVEC filed with the Clerk of the Commission proof of newspaper publication and service of notice. Public notice, including a map showing the proposed route, was published in a newspaper of general circulation in Fairfax County on February 20 and 27, 1997. Upon review of this filing, it appears to the Commission that proper notice of this application was given as required by Title 56 of the Code of Virginia.

The Commission received no comments on the application or requests for a hearing. On April 7, 1997, the Commission Staff filed its Staff Report on Application of Northern Virginia Electric Cooperative for Approval of Electric Facilities. The Staff identified no issues which would require a hearing. Accordingly, the Commission will consider this matter on the basis of the application and Staff report without further hearing or public notice.

According to the application, NOVEC proposes to convert power delivered by Virginia Power from 34.5 kV to 230 kV to meet increased demand and to improve reliability of service. NOVEC also plans to replace the Moore Substation's 20 MVA transformer with a 30 MVA transformer. According to NOVEC, converting the substation to a 230 kV power source would reduce costs of wholesale power purchases. Expected savings in power purchases would equal the cost of the proposed tap line in less than two years.[1]

In its report, the Staff concurred with NOVEC's analysis and with its plan to meet demand and to improve reliability. The Staff agreed with NOVEC that alternatives using 34.5 kV distribution lines were both more costly and less effective. Using 34.5 kV distribution lines would also require substantially more new right-of-way than proposed in this application. In addition, upon completion of the proposed project, Virginia Power would dismantle approximately three miles of the existing 34.5 kV distribution line now serving the Moore Substation.

Upon consideration of the application and the Staff Report, the Commission finds that NOVEC has established a need for the proposed tap line which would provide a new source of power to the Moore Substation.

---

[1] Based upon the application, it appears to the Commission that upgrading the Moore Substation transformer is an ordinary improvement of facilities within NOVEC's certificated service territory and does not require a certificate of public convenience and necessity. In this proceeding, the Commission is considering only the grant of a certificate to authorize construction and operation of a tap line which will operate in excess of 150 kV. See Va. Code Ann. § 56-46.1.

According to NOVEC's application, the 230 kV tap line would run approximately 450 feet from Virginia Power's transmission line to the substation. Approximately 240 feet of the tap line would be on existing NOVEC, Virginia Power, Washington Gas Light Company, and Columbia Gas Transmission Corporation cleared rights-of-way. Approximately 210 feet of additional right-of-way cleared to a width of 80 feet, with additional clearing for guying an angle structure, would be required for the tap line. Since approximately 180 feet of the tap line will be located on property NOVEC already owns and approximately 220 feet of the tap line will be on other utilities' rights-of-way, only about 50 feet of new right-of-way would be acquired. The Commission finds that, as contemplated by Va. Code Ann. § 56-46.1, NOVEC has made significant use of existing rights-of-way.

In its application, NOVEC identified no scenic, environmental, or historic features which would be impacted by the proposed tap line. As part of its investigation of the application, the Staff consulted with the Virginia Department of Environmental Quality on the potential environmental effects of the proposed tap line. The Department of Environmental Quality coordinated a review of the application by state agencies. A copy of this review is included in the Staff Report. The state environmental agencies identified no adverse impacts from the project. Several agencies did recommend that NOVEC observe appropriate practices in construction of the line, including erosion and sediment control and solid waste management.

NOVEC stated in its application that the proposed tap line would have minimal impact on existing or anticipated land uses in Fairfax County. The area impacted by the tap line is planned for low-density development because of proximity to a reservoir. On February 20, 1997, NOVEC provided the Commission a copy of a February 12, 1997 letter from the Fairfax County Office of Comprehensive Planning advising NOVEC that no land use or environmental issues associated with the proposed use had been identified.

Upon consideration of the Staff report and the application, the Commission finds that the proposed tap line would have minimal adverse impact on the environment. As previously noted, NOVEC has made significant use of existing rights-of-way for the proposed route. This project does not appear to have adverse impact on any historical, cultural, or environmental resources. Also, it appears to the Commission that existing and future land use would not be adversely affected.

The state environmental agencies recommended that NOVEC follow appropriate practices in constructing and operating the tap line. The Commission expects all utilities subject to its jurisdiction to adhere to all environmental regulations and guidelines and to cooperate with appropriate agencies in constructing and operating facilities within the Commonwealth. In keeping with this policy, we expect and encourage NOVEC to cooperate with all concerned local, state, and federal agencies.

In conclusion, the Commission finds that there is a need for the proposed tap line for the provision of adequate service. We further find that the proposed tap line will have minimal adverse environmental impact and that the application should be granted. Accordingly,

IT IS ORDERED THAT:

(1) NOVEC's application be granted.

(2) NOVEC be authorized to construct and operate in Fairfax County a 230 kV transmission line connecting Virginia Power's existing 230 kV Clifton-Possum Point Transmission Line to NOVEC's existing Moore Substation.

(3) NOVEC be issued an amended certificate of public convenience and necessity providing as follows:

> Certificate No. ET-124a, for Fairfax County, authorizing Northern Virginia Electric Cooperative to operate the presently certificated transmission lines and facilities in Fairfax County, and to construct and operate the proposed transmission line and facilities in Fairfax County, all as shown on map attached hereto; Certificate No. ET-124a will supersede Certificate No. ET-124 issued on November 21, 1961.

CASE NO. PUE960363
MAY 19, 1997

APPLICATION OF
APPALACHIAN POWER COMPANY

To implement advanced time of day rate experiment

ORDER AUTHORIZING PILOT PROGRAM

On December 19, 1996, Appalachian Power Company ("Appalachian" or "the Company") filed an application with the State Corporation Commission ("Commission") for approval of the Company's proposed Schedule ATOD, advanced time-of-day rates, on an experimental basis pursuant to Va. Code § 56-234. Proposed Schedule ATOD would be made available to new commercial and industrial customers with a normal maximum electrical capacity of at least 5,000 kW and to commercial and industrial customers who increase their existing normal maximum electrical capacity by at least 5,000 kW.

Proposed Schedule ATOD would provide qualifying customers with four hourly energy pricing periods to provide an economic basis to guide commercial and industrial customers in their consumption of electricity. Each day Appalachian would notify customers as to which of the four energy prices would be in effect for each hour of the succeeding day. The determination of these prices would be based upon the expected internal system load of the American Electric Power Company ("AEP") as a percentage of the AEP system's previously established all time internal peak load. The energy and demand prices for each customer, however, would be based on the specific operating characteristics of that customer and thus, would vary between individual customers. The Company proposes to provide customers with specific pricing period information for each hour of the following day, no later than four o'clock p.m. local time each day. The pricing tier information would be provided for a minimum 24-hour period.

Appalachian states that this experiment would offer customers the ability to control consumption patterns and maximize the efficiency of energy use and would allow the Company to evaluate the feasibility of expanding this pricing option. The Company also believes that Schedule ATOD is an appropriate transition to real time and hour-ahead pricing.

On January 23, 1997, the Commission entered a procedural order in this docket providing for publication of notice of the contents of the application and establishing a period for the receipt of public comments or requests for hearing. The Old Dominion Committee for Fair Utility Rates ("the Committee") filed comments and a request for hearing. The Committee stated that experimental Schedule ATOD should not be approved unless Appalachian modifies the eligibility requirements to permit both new and existing load, served at primary distribution voltage or greater, to receive service under the Schedule ATOD rate. The Committee further requested a hearing on this matter if such modifications for eligibility were not made a part of Schedule ATOD.

On March 28, 1997, the Commission Staff ("Staff") filed its testimony in this matter. In its testimony, Staff expressed its support and encouragement of the practice of developing an experimental program, such as the proposed experimental Schedule ATOD, prior to any full scale implementation. Staff stated that the proposed Schedule ATOD is a positive step in the development of time-of-day rate structures and should provide valuable data for further developments in emerging electricity pricing methods.

Staff stated, however, that the experiment should be broadened to include a portion of existing load to gain additional data regarding larger customers' response to enhanced pricing signals. In particular, Staff recommended that the maximum load available for the experiment be increased to 50 megawatts. Of the 50 megawatts, Staff felt that 35 should be reserved for incremental load and 15 should be reserved for existing load. Noting that proposed Schedule ATOD does not contain specific rates, formulas, or calculation methods for deriving specific rates, Staff also recommended that additional information be included in Schedule ATOD, either through sample calculations or specific formulas. Staff stated that sample calculations or specific formulas would provide customers and the public with additional information to analyze Schedule ATOD rates without sacrificing the confidentiality of specific customer data.

Staff also noted that although Schedule ATOD rates are designed to be revenue neutral, they could result in an erosion of revenue for the Company if the experiment is expanded to existing loads. Staff recommends that any approval of experimental Schedule ATOD leave Appalachian at risk regarding such potential losses.

On May 2, 1997, Appalachian, the Committee, and Staff filed a stipulation ("Stipulation") in which Appalachian stated that it is willing to increase the maximum load for experimental Schedule ATOD from 35 to 50 megawatts, with 35 megawatts available for incremental load and 15 megawatts available for existing load, and to include a sample rate calculation as part of the proposed rate schedule. A revised schedule effecting these modifications was attached to the Stipulation and substituted for the rate schedule submitted with the application. The Stipulation also requested that the Company's application, prefiled testimony and schedules, as well as Staff's prefiled testimony, be accepted into the record without a hearing and stated that the Committee would withdraw its Comments and Requests for Hearing if experimental Schedule ATOD is approved as modified by the Stipulation.

NOW THE COMMISSION, upon consideration of this matter, finds that the Company's proof of notice, application, prefiled testimony, and exhibits are accepted into the record. We further find that a five-year experimental pilot program as amended by the Stipulation should be approved, subject to the Commission's ongoing oversight. It is in the public interest for Appalachian to utilize the experimental Schedule ATOD in order to gather data. Such information will enable the Company and the Commission to determine whether the program is feasible and should be implemented on a permanent basis.

While not intended or designed as such, we are concerned that Schedule ATOD could result in an erosion of revenue for the Company. As such, the Commission makes no finding in this order addressing whether such potential losses may be recovered from ratepayers and directs Appalachian to address this issue in any future filings regarding the experiment. Accordingly,

IT IS ORDERED THAT:

(1) Experimental Schedule ATOD proposed by Appalachian in its application as amended by the Stipulation is hereby approved for a period of five years from the date of this order, subject to the Commission's ongoing oversight.

(2) Appalachian file a status report with the Commission's Divisions of Energy Regulation and Economics and Finance every six months during the term of the pilot program. The Commission Staff shall forthwith notify Appalachian of the data to be included in said reports.

(3) Appalachian shall file a final report and analysis of the pilot program not later than six months following the end of the implementation period and not later than January 1, 2003.

(4) This matter is continued until further order of the Commission.

CASE NO. PUE960365
JANUARY 31, 1997

APPLICATION OF
APPALACHIAN POWER COMPANY

To revise its fuel factor pursuant to Code § 56-249.6

ORDER ESTABLISHING 1997/1998 FUEL FACTOR

On December 20, 1996, Appalachian Power Company ("Appalachian" or "the Company") filed with the Commission written testimony, exhibits, and proposed tariffs intended to increase its zero-based fuel factor from 1.364¢ per kWh to 1.482¢ per kWh, effective with bills rendered on and after February 1, 1997.

By Order dated January 3, 1997, the Commission established a procedural schedule and set a hearing date for this matter. In the January 3 Order, the Commission directed its Staff to file testimony and provided an opportunity for any person desiring to participate in the hearing to do so as a Protestant. The Old Dominion Committee for Fair Utility Rates (the "Committee"), by counsel, filed a notice of protest and protest. On January 23, 1997, Commission Staff filed its testimony. Staff recommended that Appalachian's proposed estimate of energy sales and fuel prices used in the development of the proposed fuel factor be accepted as reasonable.

The Committee did not file any testimony, and the Company did not file any rebuttal testimony. At the January 30, 1997 hearing of this matter, the Company's application, testimony, and exhibits together with Staff's testimony were admitted into the record without cross-examination.

Upon consideration of the record in this case, the Commission is of the opinion that an increase in Appalachian's zero-based fuel factor to 1.482¢ per kWh is appropriate, based primarily on the removal of a prior period overrecovery refund component and the implementation of a prior period underrecovery collection component. Approval of this fuel factor, however, is not to be construed as approval of the Company's actual fuel expenses. For each calendar year, Commission Staff conducts an audit and investigation which addresses, among other things, the appropriateness and reasonableness of the Company's booked fuel expenses. Staff's results are documents in an annual report ("Staff's Annual Report"). A copy of Staff's Annual Report is sent to the Company and to each party who participated in the Company's fuel factor proceeding, all of whom are provided an opportunity to comment and request a hearing on the report.

Based on Staff's Annual Report, in addition to possible comments and a hearing, the Commission enters an order entitled "Final Audit for Twelve-Month Period Ending December 31, 19__, Fuel Cost-Recovery Position," (hereinafter referred to as "Final Audit Order"). Notwithstanding any findings made by the Commission in an earlier order establishing the Company's fuel factor based on estimates of future expenses and unaudited booked expenses, the Final Audit Order will be the final determination of not only what are in fact allowable fuel expenses and credits, but also the Company's over or underrecovery position as of the end of the audit period. 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 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 of the Company's next fuel factor.

We reiterate that no finding in this Order is final, and this matter is continued generally, pending Staff's audit of actual fuel expenses.

Accordingly, IT IS ORDERED THAT:

(1) A zero-based fuel factor of 1.482¢ per kWh is hereby approved, effective with bills rendered on and after February 1, 1997.

(2) This case is.continued generally.

CASE NO. PUE970002
JANUARY 28, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

The Pipeline Safety Act, 49 USC § 60101 et seq. ("Act"), requires 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 that authority to prescribe safety standards and enforce compliance with such standards over gas pipeline facilities used for intrastate transportation to an appropriate state agency.

The Virginia State Corporation Commission ("Commission") has been designated as the appropriate state agency for the Commonwealth of Virginia. In Case No. PUE890052, the Commission adopted Parts 191, 192, 193, and 199 of Title 49 of the Code of Federal Regulations to serve as minimum gas pipeline safety standards ("Safety Standards") in Virginia. The Commission is authorized to enforce the Safety Standards under Va. Code § 56-5.1, which allows the Commission to fine up to $25,000 for each violation. A separate violation occurs for each day the violation continues. The maximum civil penalty under 49 USC § 60122(a) for a related series of violations is $500,000.

The Commission's Division of Energy Regulation ("Division"), charged with investigation of each jurisdictional gas company's compliance with the Safety Standards, has conducted an investigation of Washington Gas Light Company ("WG" or "Company") relative to the July 17, 1996 gas incident at 802 Green Street in Alexandria, Virginia, and alleges:

(1) That WG is a public service corporation as that term is defined in Va. Code § 56-1, and, specifically a natural gas company within the meaning of Va. Code § 56-5.1; and

(2) That on July 17, 1996, WG violated the Commission's Safety Standards, by the following conduct:

(a) Failing to install a service regulator on each service line as required by 49 CFR §192.557(b)(6); and

(b) Failing on certain occasions to comply with WG's written procedures as required by 49 CFR §192.13(c).

The Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this order and has accepted responsibility for the incident. As an offer to settle all matters arising from the allegations made against it, WG represents and undertakes that:

(1) The Company will pay a fine to the Commonwealth of Virginia in the amount of $50,000, to be paid contemporaneously with the entry of this order. This payment will be made by check, payable to the Treasurer of Virginia, and directed to the attention of the Director of the Commission's Division of Energy Regulation;

(2) Pursuant to Va. Code § 12.1-15, the Company will also pay contemporaneously with the entry of this order the sum of $2,447.11 to defray the cost of undertaking this investigation. This payment will also be made by check, payable to the Treasurer of Virginia and directed to the attention of the Director of the Commission's Division of Energy Regulation;

(3) Any fines and costs paid in accordance with this order shall not be recovered in the Company's rates as part of the cost of service. Any such fines or costs shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Commission's Division of Public Utility Accounting.

The Commission, being fully advised in the premises and 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 WG has made a good faith effort to cooperate with the Staff after the investigation, and therefore, this offer of compromise and settlement should be accepted. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by Va. Code § 12.1-15, the offer of compromise and settlement made by WG be, and it hereby is, accepted.

(2) Pursuant to Va. Code § 56-5.1, WG be and it hereby is, fined in the amount of $50,000;

(3) That the sum of $50,000 tendered contemporaneously with the entry of this order is accepted.

(4) Pursuant to Va. Code § 12.1-15, WG's payment of the sum of $2,447.11 to defray the costs of this investigation is hereby accepted;

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

CASE NO. PUE970003
FEBRUARY 7, 1997

APPLICATION OF
THE POTOMAC EDISON COMPANY

To revise its fuel factor pursuant to Va. Code § 56-259.6

ORDER GRANTING MOTION TO WITHDRAW APPLICATION

On February 4, 1997, The Potomac Edison Company ("Potomac Edison" or "the Company") filed a motion to withdraw its January 17, 1997 application seeking an increase in its zero-based fuel factor from 1.181¢ per kW hour to 1.340¢ per kW hour, effective with March 1997 cycle bills rendered on and after March 7, 1997. The Company states that post-application analysis has revealed errors in the PROMOD runs used to support the cost projections upon which the proposed fuel factor was based.

The Company moves that its currently authorized fuel factor of 1.181¢ per kW hour remain in effect until a revised fuel factor for 1997/1998 is approved by Commission order.

NOW, THE COMMISSION the Commission having considered this motion is of the opinion that it should be granted. Accordingly,

IT IS ORDERED THAT:

(1) Potomac Edison's January 15, 1997 application to revise its fuel factor is hereby withdrawn.

(2) The Company' s currently authorized fuel factor of 1.181¢ per kW hour shall remain in effect until a revised fuel factor is approved by Commission order.

(3) The Company shall institute a new proceeding by filing forthwith a revised fuel factor application.

(4) This matter shall be dismissed and the papers filed herein shall be made a part of the Commission's file for ended causes.

CASE NO. PUE970020
FEBRUARY 6, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
NC UTILITY SERVICES,
Defendant

ORDER OF SETTLEMENT

Pursuant to Va. Code § 56-265.30, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, Va. Code §§ 56-265.14 et seq. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges:

(1) That on or about March 13, 1996, Kevcor Corporation damaged an unmarked three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 1315 Baltic Avenue, Virginia Beach, Virginia, while excavating;

(2) That on or about April 29, 1996, K. H. Needham, Inc. damaged an unmarked one-inch steel gas service line operated by Virginia Natural Gas, Inc. located at 660 North Witchduck Road, Virginia Beach, Virginia, while excavating;

(3) That on or about April 30, 1996, Tidewater Underground damaged an unmarked two-inch plastic gas main line operated by Virginia Natural Gas, Inc. located at West Princess Anne Road and Old Brandon Avenue, Norfolk, Virginia, while excavating;

(4) That on or about June 5, 1996, Cable Associates damaged an unmarked one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 930 Blackthorne Drive, Chesapeake, Virginia, while excavating;

(5) That on or about July 16, 1996, Hercules Fence Company damaged an unmarked one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 1712 Warm Springs Court, Virginia Beach, Virginia, while excavating;

(6) That on or about July 17, 1996, K. F. Wilson Construction damaged an unmarked one-and-three-quarter-inch steel gas main line operated by Virginia Natural Gas, Inc. located at 7101 Granby Street, Norfolk, Virginia, while excavating;

(7) That on or about July 25, 1996, Eastern Technical Communications damaged an unmarked one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 154 Wellsly Drive, Newport News, Virginia, while excavating;

(8) That on or about July 26, 1996, Island Electric damaged an unmarked three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 500 Atlantic Avenue, Virginia Beach, Virginia, while excavating;

(9) That on or about August 30, 1996, Suburban Grading damaged an unmarked one-inch steel gas service line operated by Virginia Natural Gas, Inc. located at 1221 East Indian River Road, Norfolk, Virginia, while excavating;

(10) That on or about September 12, 1996, Virginia Power damaged an unmarked one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 738 Sand Willow Drive, Chesapeake, Virginia, while excavating;

(11) That on or about September 23, 1996, E. V. Williams Company damaged an unmarked three-quarter-inch steel gas service line operated by Virginia Natural Gas, Inc. located at 4209 Indian River Road, Chesapeake, Virginia, while excavating;

(12) That on or about September 23, 1996, Virginia Power damaged an unmarked one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 557 31st Street, Newport News, Virginia, while excavating;

(13) That on or about September 24, 1996, Suburban Grading damaged an unmarked two-inch steel gas main line operated by Virginia Natural Gas, Inc. located at 5692 Raby Road, Norfolk, Virginia, while excavating;

(14) That on or about September 25, 1996, M. E. Wilkins, Inc. damaged an unmarked four-inch cast iron gas main line operated by Virginia Natural Gas, Inc. located at 1453 Westover Avenue, Norfolk, Virginia, while excavating;

(15) That on or about October 1, 1996, Kevcor Corporation damaged an unmarked one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 518 23rd Street, Virginia Beach, Virginia, while excavating;

(16) That on or about October 3, 1996, Falcon Construction damaged an unmarked five-eighths-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 1827 Springfield Avenue, Norfolk, Virginia, while excavating;

(17) That on or about October 3, 1996, Falcon Construction damaged an unmarked one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 2113 Roanoke Avenue, Newport News, Virginia, while excavating;

(18) That on or about October 11, 1996, the City of Norfolk damaged an unmarked three-quarter-inch steel gas service line operated by Virginia Natural Gas, Inc. located at 1005 Appomattox Avenue, Norfolk, Virginia, while excavating;

(19) That on or about October 18, 1996, Hudgins Construction damaged an unmarked two-inch plastic gas main line operated by Virginia Natural Gas, Inc. located at 28th and Parish Avenue, Newport News, Virginia, while excavating;

(20) That on or about October 22, 1996, the City of Norfolk damaged an unmarked one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 6432 Adiar Avenue, Norfolk, Virginia, while excavating;

(21) That on or about October 23, 1996, Basic Construction damaged an unmarked three-quarter-inch steel gas service line operated by Virginia Natural Gas, Inc. located at 503 South Avenue, Newport News, Virginia, while excavating;

(22) That on or about October 29, 1996, Alex's Sprinkler & Well damaged an unmarked one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 2733 Orleans Way, Virginia Beach, Virginia, while excavating;

(23) That on or about October 31, 1996, S. B. Ballard damaged an unmarked three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 800 East City Hall Avenue, Norfolk, Virginia, while excavating;

(24) That on or about November 5, 1996, the City of Newport News damaged an unmarked three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 3311 West Avenue, Newport News, Virginia, while excavating;

(25) That on or about November 5, 1996, Falcon Construction damaged an unmarked one-and-one-quarter-inch steel gas service line operated by Virginia Natural Gas, Inc. located at 1136 Hampton Avenue, Newport News, Virginia, while excavating;

(26) That on or about November 6, 1996, Parkin Plumbing damaged an unmarked three-quarter-inch plastic gas service line operated by Virginia Natural Gas, Inc. located 97 Nina Lane, James City County, Virginia, while excavating;

(27) That on or about November 7, 1996, Falcon Construction damaged an unmarked three-quarter-inch steel gas service line operated by Virginia Natural Gas, Inc. located at 1152 Hampton Avenue, Newport News, Virginia, while excavating;

(28) That on or about November 12, 1996, Olde Towne Electric damaged an unmarked four-inch plastic gas main line operated by Virginia Natural Gas, Inc. located at Palace Green, Williamsburg, Virginia, while excavating;

(29) That on or about November 13, 1996, Utilx damaged an unmarked two-inch plastic gas main line operated by Virginia Natural Gas, Inc. located at 4292 Pembroke Boulevard, Virginia Beach, Virginia, while excavating;

(30) That on or about November 14, 1996, Tele-Communications damaged an unmarked two-inch plastic gas main line operated by Virginia Natural Gas, Inc. located at 525 Sea Horse Way, Chesapeake, Virginia, while excavating;

(31) That on or about November 15, 1996, Wolf Contractors, Inc. damaged an unmarked one-and-one-quarter-inch steel gas service line operated by Virginia Natural Gas, Inc. located at 828 26th Street, Newport News, Virginia, while excavating;

(32) That on or about November 19, 1996, Falcon Construction damaged an unmarked three-quarter-inch steel gas service line operated by Virginia Natural Gas, Inc. located at 1116 Hampton Avenue, Newport News, Virginia, while excavating;

(33) That on or about November 20, 1996, Falcon Construction damaged an unmarked three-quarter-inch steel gas service line operated by Virginia Natural Gas, Inc. located 1150 Hampton Avenue, Newport News, Virginia, while excavating;

(34) That on or about November 23, 1996 Kevcor Corporation damaged an unmarked one-half-inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 321 27th Street, Virginia Beach, Virginia, while excavating;

(35) That on or about November 23, 1996, Vico Construction damaged an unmarked two-inch plastic gas main line operated by Virginia Natural Gas, Inc. located at 24th and Barberton Drive, Virginia Beach, Virginia, while excavating;

(36) That on or about December 5, 1996, Suburban Grading damaged an unmarked two-inch plastic gas main line operated by Virginia Natural Gas, Inc. located at 3016 Compostella Road, Norfolk, Virginia, while excavating;

(37) That NC Utility Services ("the Company"), acting on behalf of Virginia Natural Gas, Inc., caused such damages by failing 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 Va. Code § 56-265.19.A;

(38) That on or about June 20, 1996, the Town of Marion damaged an unmarked three-quarter-inch plastic gas service line operated by United Cities gas Company located at the intersection of Wilden Avenue and Campbell Avenue, Marion, Virginia, while excavating;

(39) That on or about July 9, 1996, a homeowner damaged an unmarked one-half-inch plastic gas service line operated by United Cities Gas Company located at Route 107, Chilhowie, Virginia, while excavating;

(40) That on or about October 24, 1996, HCMF Real Estate damaged an unmarked three-quarter-inch plastic gas service line operated by United Cities Gas Company located at 1600 South Main Street, Blacksburg, Virginia, while excavating;

(41) That the Company, acting on behalf of United Cities Gas Company, caused such damages by failing 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 Va. Code § 56-265.19.A;

(42) That on or about March 11, 1996, F. L. Showalter damaged an unmarked two-inch plastic gas main line operated by Commonwealth Gas services, Inc. located at Richmond Street and Blue Ridge Street, Lynchburg, Virginia, while excavating;

(43) That on or about March 26, 1996, Virginia Power damaged an unmarked one-half-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 6407 North Sentry Way, Suffolk, Virginia, while excavating;

(44) That on or about April 6, 1996, Glover Construction damaged an unmarked one-half-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 1929 Cedar Road, Chesapeake, Virginia, while excavating;

(45) That on or about April 12, 1996, Myers Cable damaged an unmarked one-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 11146 Sunburst Lane, Spotsylvania County, Virginia, while excavating;

(46) That on or about May 14, 1996, Virginia Power damaged an unmarked one-half-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 1005 Lindsay Court, Fredericksburg, Virginia, while excavating;

(47) That on or about July 10, 1996, F. L. Showalter damaged an unmarked one-half-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 1200 Polk Street, Lynchburg, Virginia, while excavating;

(48) That on or about July 17, 1996, F. L. Showalter damaged an unmarked one-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 191 Vernon Street, Lynchburg, Virginia, while excavating;

(49) That on or about July 22, 1996, Castle Equipment Corporation damaged an unmarked four-inch plastic gas main line operated by Commonwealth Gas Services, Inc. located at 4300 Branchester Parkway, Prince George County, Virginia, while excavating;

(50) That on or about July 29, 1996, F. L. Showalter damaged an unmarked one-and-one-quarter-inch steel gas service line operated by Commonwealth Gas Services, Inc. located at 302 Vernon Street, Lynchburg, Virginia, while excavating;

(51) That on or about July 30, 1996, F. L. Showalter damaged an unmarked one-and-one-quarter-inch steel gas service line operated by Commonwealth Gas Services, Inc. located at 345 Vernon Street, Lynchburg, Virginia, while excavating;

(52) That on or about July 31, 1996, F. L. Showalter damaged an unmarked one-half-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 614 Eldon Street, Lynchburg, Virginia, while excavating;

(53) That on or about August 12, 1996, Aegean Pools damaged an unmarked one-half-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 617 Pintail Lane, Chesapeake, Virginia, while excavating;

(54) That on or about August 20, 1996, a homeowner damaged an unmarked one-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 2121 Maher Street, Lynchburg, Virginia, while excavating;

(55) That on or about August 24, 1996, C. W. Wright Construction damaged an unmarked four-inch plastic gas main line operated by Commonwealth Gas Services, Inc. located at Twelfth Corps Drive, Spotsylvania, Virginia, while excavating;

(56) That on or about August 26, 1996, Checkmate Communications damaged an unmarked one-half-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 14416 Foxknoll Drive, Chesterfield, Virginia, while excavating;

(57) That on or about August 26, 1996, J. B. Moore Electric Contractors damaged an unmarked one-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at Concord Turnpike under Carter Glass Bridge, Lynchburg, Virginia, while excavating;

(58) That on or about August 28, 1996, F. L. Showalter damaged an unmarked one-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 1915 Bransford Street, Lynchburg, Virginia, while excavating;

(59) That on or about September 9, 1996, Checkmate Communications damaged an unmarked one-half-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 9635 Egret Lane, Chesterfield, Virginia, while excavating;

(60) That on or about September 16, 1996, Southern Construction damaged an unmarked one-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 107 North 6th Avenue, Hopewell, Virginia, while excavating;

(61) That on or about September 23, 1996, M.E.I. damaged an unmarked one-half-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 4623 Fairmont Avenue, Lynchburg, Virginia, while excavating;

(62) That on or about September 24, 1996, Checkmate Communications damaged an unmarked one-half-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 500 Okuma Drive, Chester, Virginia, while excavating;

(63) That on or about September 27, 1996, E. H. Ives Corporation damaged an unmarked one-half-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 362 North George Washington Highway, Chesapeake, Virginia, while excavating;

(64) That on or about September 30, 1996, the Town of Warrenton damaged an unmarked two-inch plastic gas main line operated by Commonwealth Gas Services, Inc. located at 4 Waterloo Street, Warrenton, Virginia, while excavating;

(65) That on or about October 21, 1996, Crowell Brothers Construction damaged an unmarked one-half-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 14 Aurelie Drive, Stafford, Virginia, while excavating;

(66) That on or about October 25, 1996, a homeowner damaged an unmarked one-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 6731 Madison Street, Haymarket, Virginia, while excavating;

(67) That on or about November 12, 1996, M.E.I. damaged an unmarked one-half-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 4641 Fairmont Avenue, Lynchburg, Virginia, while excavating;

(68) That on or about November 12, 1996, W. C. Spratt, Inc. damaged an unmarked one-and-one-quarter-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 390 Kings Highway, Stafford, Virginia, while excavating;

(69) That on or about November 19, 1996, E. L. Ramsey Plumbing & Heating damaged an unmarked one-inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 145 Poland Street, Waynesboro, Virginia, while excavating;

(70) That the Company, acting on behalf of Commonwealth Gas Services, Inc., caused such damages by failing 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 Va. Code § 56-265.19.A;

(71) That on or about August 9, 1996, Water Works of Roanoke, Inc. damaged an unmarked one-half-inch plastic gas service line operated by Roanoke Gas Company located at 2898 Tulip Lane, Vinton, Virginia, while excavating;

(72) That on or about August 20, 1996, the City of Roanoke damaged an unmarked two-inch plastic gas main line operated by Roanoke Gas Company located at 2836 Peters Creek Road, N.W., Roanoke, Virginia, while excavating;

(73) That on or about August 22, 1996, the County of Roanoke damaged an unmarked one-half-inch plastic gas service line operated by Roanoke Gas Company located at 4725 Gieser Road, S.W., Roanoke, Virginia, while excavating;

(74) That on or about August 26, 1996, Garst Construction, LTD damaged an unmarked one-half-inch plastic gas service line operated by Roanoke Gas Company located at 1346 North Mill Road, Salem, Virginia, while excavating;

(75) That on or about August 29, 1996, an excavator damaged an unmarked one-half-inch plastic gas service line operated by Roanoke Gas Company located at 4303 Cresthill Drive, S.W., Roanoke, Virginia, while excavating;

(76) That on or about August 29, 1996, C.E.I. damaged an unmarked one-half-inch plastic gas service line operated by Roanoke Gas Company located at 5091 Crossrow Circle, S.W., Roanoke, Virginia, while excavating;

(77) That on or about September 18, 1996, a homeowner damaged an unmarked one-half-inch plastic gas service line operated by Roanoke Gas Company located at 3319 Overhill Terrace, S.W., Roanoke, Virginia, while excavating;

(78) That on or about September 25, 1996, C.E.I. damaged an unmarked one-half-inch plastic gas service line operated by Roanoke Gas Company located at Parkway Place, S.W., Roanoke, Virginia, while excavating;

(79) That on or about September 28, 1996, the City of Roanoke damaged an unmarked two-inch plastic gas main line operated by Roanoke Gas Company located at 955 35th Street, N.W., Roanoke, Virginia, while excavating;

(80) That on or about September 30, 1996, the City of Roanoke damaged an unmarked one-and-one-quarter-inch plastic gas line operated by Roanoke Gas Company located at 2654 Robinhood Road, S.E., Roanoke, Virginia, while excavating;

(81) That on or about October 11, 1996, Branch Highways damaged an unmarked one-half-inch plastic gas service line operated by Roanoke Gas Company located at 456 Cherryhill Road, N.W., Roanoke, Virginia, while excavating; and

(82) That the Company, acting on behalf of Roanoke Gas Company caused such damages by failing 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 Va. Code § 56-265.19.A.

As evidenced in the attached Admission and Consent, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $17,450 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by Va. Code Ann. § 12.1-15, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $17,450 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970024
NOVEMBER 3, 1997

APPLICATION OF
VIRGINIA GAS PIPELINE COMPANY

For issuance of a certificate of public convenience and necessity to construct, own, and operate an intrastate pipeline

ORDER GRANTING PRELIMINARY APPROVAL

On January 24, 1997, Virginia Gas Pipeline Company ("VGPC" or "the Company") filed an application, pursuant to Chapter 10.1 (§ 56-265.1 et seq.) of Title 56 of the Code of Virginia, for a certificate of public convenience and necessity to develop, construct, own, and operate an eight inch diameter natural gas pipeline and related facilities. According to the application, the Company will construct the pipeline using eight-inch diameter coated steel, and the pipeline will be buried to a depth of at least 36 inches in normal soil and 24 inches in consolidated rock. The free flowing design capacity of the pipeline is approximately 30,000 dekatherms of gas per day ("Dthd"). The route of the proposed pipeline will parallel in many respects East Tennessee Natural Gas Company's interstate pipeline and will traverse portions of Smyth, Wythe, and Pulaski Counties. The estimated cost of construction of the facility is approximately $14.6 million.

In its application, the Company proposed to offer a firm transportation rate of $9.50 per MMBtu per year, to be paid on a monthly basis. According to Exhibit B of the application, payment for firm transportation service will be equal to the monthly transportation charge multiplied by the customer's maximum daily transportation quantity.

On February 5, 1997, the Company filed a document providing a detailed legal description and map of the route of the proposed pipeline.

In its February 14, 1997 Order for Notice and Hearing, the Commission suspended VGPC's proposed tariffs and terms and conditions of service for the maximum statutory period and established a procedural schedule for the application. Thereafter, the matter proceeded to hearing on July 29, 1997.

On October 2, 1997, the Hearing Examiner issued her Report, in which she made the following findings and recommendations:

> (1) Pursuant to Va. Code § 56-235.2, Virginia Gas Pipeline Company should be granted a certificate of public convenience and necessity to develop, construct, own, and operate an intrastate natural gas pipeline and related facilities in Smyth, Wythe, and Pulaski Counties, Virginia;
>
> (2) The pipeline will be located in the exclusive distribution territory of United Cities, which retains the right to provide retail service;
>
> (3) The permanent pipeline right-of-way should be 50 feet wide indicated on the final certificate maps;
>
> (4) The Company should submit a revised operation and maintenance manual in compliance with the Commission's pipeline safety standards prior to issuance of a final certificate herein;
>
> (5) The Company should submit revised tariff sheets to provide for capacity release; and
>
> (6) The Company will be subject to the rate case rules, and therefore should submit an annual informational filing after it has twelve months of actual data.

The Examiner analyzed the captioned application, employing the legal criteria set out in Application of Virginia Natural Gas, Inc., Case No. PUE860065, 1988 S.C.C. Ann. Rept. 257, 260. She also considered the requirements of § 56-265.2:1 of the Code of Virginia in making her recommendations. This statute, among other things, requires the Commission to consider the effect of a pipeline on the environment, public safety, and economic development in the Commonwealth whenever a certificate of public convenience and necessity is required pursuant to § 56-265.2 of the Code of Virginia for the construction of a pipeline for the transmission or distribution of manufactured or natural gas.

The Examiner also relied upon an environmental review coordinated by the Department of Environmental Quality ("DEQ") as to the potential environmental impact of the project. None of the agencies reviewing the project at DEQ's request objected to it. However, several of these agencies identified permit requirements applicable to the project.

The Hearing Examiner found that the Staff had reviewed and, through the Commission's pipeline safety program, would continue to review the Company's construction and operation of the proposed pipeline.[1] She also received resolutions from the Boards of Supervisors from Smyth, Wythe, and Pulaski Counties in support of the project.

---

[1] The Commission's minimum pipeline safety standards were adopted in Commonwealth of Virginia, At the relation of the 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. PUE890052, 1989 S.C.C. Ann. Rept. 312.

The Hearing Examiner recommended that the Commission enter an order that: (i) adopts the findings in her report; (ii) grants the Company a certificate of public convenience and necessity authorizing it to construct and operate an intrastate natural gas pipeline and related facilities, subject to the conditions set forth in her report, in Smyth, Wythe, and Pulaski Counties, Virginia; (iii) directs VGPC to file cost of service data employing the format for an annual informational filing as specified in the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings; and (iv) dismisses the matter.

In a letter filed October 15, 1997, counsel for VGPC advised that the case participants, i.e., United Cities Gas Company, Roanoke Gas Company, East Tennessee Natural Gas Company, and the Commission Staff, did not desire to comment on the Hearing Examiner's report and agreed to waive the fifteen (15) day period in which to file comments and exceptions to that report.

NOW, upon consideration of the Company's application, the record, the Hearing Examiner's report, and the applicable statutes, the Commission is of the opinion and finds that the findings and recommendations of the Hearing Examiner are appropriate, as clarified and modified below. We will therefore grant preliminary approval for the issuance of a certificate to VGPC.

Any certificate ultimately issued in this proceeding will grant authority to VGPC for the construction, ownership, and operation of an intrastate pipeline facility, but cannot constitute a grant of authority to provide natural gas distribution service or assign a service territory. VGPC's pipeline will be located in the certificated service territory of United Cities Gas Company, which retains the right to continue to provide retail natural gas service in Smyth, Wythe, and Pulaski Counties.

We are unable to issue a certificate to VGPC until the Company complies with the requirements of Section 56-265.2:1 (F) of the Code of Virginia. This statute provides, among other things, that as part of the Commission's consideration of an intrastate certificate for a pipeline, it shall not approve the construction of a natural gas compressor station in an area zoned for residential use unless the public utility provides certification from the local governing body that the natural gas compressor station is consistent with the applicable zoning ordinance. The Company's application and supporting documents do not indicate whether any compressor stations will be constructed along the pipeline route within any areas which are zoned for residential use. Therefore, while we have granted preliminary approval to VGPC, the Company must file the certification required by Section 56-265.2:1 (F), or an affidavit indicating that the certification required by § 56-265.2:1 (F) has been waived in accordance with that statute's terms, or the Company must file an affidavit attesting that it will not construct a natural gas compressor station in an area zoned for residential use along its pipeline's route. Upon receipt of these documents, we will grant the certificate requested by VGPC.

Further, we agree with the Hearing Examiner that the Company must submit a revised operation and maintenance manual that complies with the Commission's pipeline safety regulations. Once an appropriate operation and maintenance manual has been filed in this matter, our Staff should file a memorandum, advising that it has received an appropriate manual.

Accordingly, IT IS ORDERED THAT:

(1) The findings and recommendations of the October 2, 1997, Hearing Examiner's Report, as modified and supplemented herein, are accepted.

(2) A certificate of public convenience and necessity ("CPCN") may be issued to VGPC upon satisfaction of the requirements set forth herein and upon the filing of appropriate maps with the Commission's Division of Energy Regulation. This CPCN shall grant authority to VGPC to construct, develop, own, and operate an eight-inch diameter, coated steel intrastate pipeline along the route identified in the February 5, 1997, document, revised to include a permanent right-of-way 50 feet in width. Further, VGPC must file with the Clerk of the Commission the certification required by Section 56-265.2:1 (F) of the Code of Virginia or the affidavits described in the body of this Order before a certificate of public convenience and necessity will be issued to it.

(3) VGPC shall forthwith submit a revised operation and maintenance manual that complies with the Commission's pipeline safety regulations prior to the issuance of a certificate of public convenience and necessity.

(4) Upon receipt of an operation and maintenance manual which complies with the Commission's pipeline safety regulations, the Division of Energy Regulation shall file a memorandum in this proceeding advising the Commission of the manual's receipt.

(5) On or before November 21, 1997, the Company shall file revised tariff sheets, modified in accordance with the recommendations found in Staff witness Lacy's testimony and setting out the terms under which capacity may be released, which tariffs may become effective for service rendered on and after the date of this Order.

(6) In accordance with the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rate Case Rules"), the Company shall file an annual informational filing consistent with the Rate Case Rules, once a complete year of operating data with respect to the intrastate pipeline becomes available. Hereafter, VGPC shall be subject on a continuing basis to the Rate Case Rules.

(7) This matter shall be continued until further order of the Commission to receive the documents required to be filed herein.

CASE NO. PUE970024
DECEMBER 8, 1997

APPLICATION OF
VIRGINIA GAS PIPELINE COMPANY

For issuance of a certificate of public convenience and necessity to construct, own, and operate an intrastate pipeline

ORDER ISSUING CERTIFICATES AND DISMISSING PROCEEDING

On November 3, 1997, the Commission entered an Order finding Virginia Gas Pipeline Company's ("VGPC's" or "the Company's") proposal to own, construct, and operate an eight inch diameter natural gas pipeline and related facilities, extending approximately 71.5 miles from Chilhowie, Virginia to Radford, Virginia, to be in the public interest. The November 3, 1997 Order directed that VGPC be issued appropriate certificates of public convenience and necessity upon the satisfaction of various conditions. These conditions include (i) the filing of the certification required by § 56-265.2:1(F) of the Code of Virginia, or an affidavit indicating that the certification required by § 56-265.2:1(F) has been waived in accordance with that statute's terms, or the filing of an affidavit attesting that VGPC will not construct a natural gas compressor station along its pipeline's route in an area zoned for residential use; (ii) the provision of appropriate maps; and (iii) revised operation and maintenance manuals that comply with the Commission's pipeline safety regulations.

On November 6, 1997, the Company filed a letter certifying that it would not construct a natural gas compressor station along the proposed pipeline route described in its application, in an area zoned for residential use. On the same day, the Company filed a revised map. The Company included revised Rate Schedule FTS with its filing, modified in accordance with the recommendations found in Staff witness Lacy's testimony and setting out the terms under which capacity may be released, as required by Ordering Paragraph (5) of the November 3 Order.

On December 4, 1997, the Division of Energy Regulation filed a memorandum, advising that the Company had filed operating and maintenance manuals which VGPC alleged to be in compliance with the Commission's pipeline safety regulations.

NOW, in consideration of the foregoing, the Commission is of the opinion and finds that appropriate certificates of public convenience and necessity to own, construct, and operate the pipeline facility should be issued. In authorizing the issuance of these certificates, we are not granting authority to VGPC to provide natural gas distribution service through its pipeline facility in Smyth, Wythe, and Pulaski Counties. The certificates granted herein only authorize the Company to locate and operate its facilities in these counties as a transmission pipeline.

Accordingly, IT IS ORDERED THAT:

(1) The following certificates of public convenience and necessity shall be issued to VGPC:

> Certificate No. GT-67, authorizing Virginia Gas Pipeline Company to own, construct, and operate an eight inch diameter, coated steel intrastate gas transmission line employing a permanent right-of-way of 50 feet in width, in Smyth and Wythe Counties, Virginia, as shown by the yellow line on the attached map.
>
> Certificate No. GT-68, authorizing Virginia Gas Pipeline Company to own, construct, and operate an eight inch diameter, coated steel intrastate gas transmission line, employing a permanent right-of-way of 50 feet in width in Wythe and Pulaski Counties, Virginia, as shown by the yellow line on the attached map.

(2) Copies of this order shall be placed in the certificate file lodged in the Commission's Division of Energy Regulation; and

(3) There being nothing further to be done herein, this matter is hereby dismissed from the Commission's docket of active cases, and the papers filed herein shall be made a part of the Commission's file for ended causes.

CASE NOS. PUE970025 and PUE970423
DECEMBER 1, 1997

APPLICATION OF
VIRGINIA GAS DISTRIBUTION COMPANY

For cancellation and reissuance of a certificate of public convenience and necessity pursuant to the Utility Facilities Act

APPLICATION OF
COMMONWEALTH PUBLIC SERVICE CORPORATION

For cancellation and reissuance of a certificate of public convenience and necessity pursuant to the Utility Facilities Act

FINAL ORDER

On January 24, 1997, Virginia Gas Distribution Company ("VGDC" or "the Company") filed an application with the State Corporation Commission ("Commission") requesting authority to expand its certificated natural gas distribution service area to include all of Dickenson County, Virginia, and all of Tazewell County, Virginia, with the exception of the service territory within the town of Bluefield currently certificated to

Commonwealth Public Service Corporation ("Commonwealth" or "CPSC"). VGDC subsequently amended its application to include Saltville, Virginia, as part of the service territory it was requesting authority to serve.[1]

On February 21, 1997, the Commission entered an Order docketing VGDC's application and inviting interested parties to file comments or requests for hearing. On April 15, 1997, Commonwealth filed a competing application to expand its certificated service territory to include the remaining portions of Tazewell County it is not presently certificated to serve.

In its May 2, 1997 Order, the Commission consolidated VGDC's and Commonwealth's applications (hereafter collectively referred to as "the Applicants") and suspended the procedural schedule established for VGDC's case. By its June 18, 1997 Order, the Commission directed Staff to investigate the consolidated applications, appointed a hearing examiner, and set the consolidated cases for hearing on September 29, 1997.

At the hearing, counsel tendered a Joint Stipulation which recommended a proposed disposition for the case.[2] On November 19, 1997, the Hearing Examiner issued his Report, wherein he recommended that the Commission enter an order adopting the findings in his Report, granting Virginia Gas Distribution Company and Commonwealth Public Service Corporation authority to provide natural gas service to the areas agreed upon in the Joint Stipulation, and dismissing the matter from the docket of active proceedings. The Examiner advised that the case participants had agreed to waive filing comments to the Report.

On November 24, 1997, the Examiner filed substitute pages to his November 19, 1997 Report, which revised the findings made therein. The Examiner found that:

1. The Joint Stipulation presented by Staff and the parties in this proceeding is just and reasonable and should be adopted by the Commission;

2. Virginia Gas Distribution Company's certificate of public convenience and necessity should be amended to provide natural gas service to the areas agreed upon in the Joint Stipulation. However, if gas service to the areas designated to Virginia Gas Distribution Company pursuant to this proceeding is not provided within five years of the conclusion of this case, the authority granted herein should be terminated;

3. Commonwealth Public Service Corporation's certificate of public convenience and necessity should be amended to provide natural gas service to the area agreed upon in the Joint Stipulation and described in detail in Appendix C to this Report;

4. United Cities Gas Company's certificate of public convenience and necessity . . . should be amended to delete the Town of Saltville, as described in Appendix B hereto, from its service territory;[3]

5. Virginia Gas Distribution Company, United Cities Gas Company, and Commonwealth Public Service Corporation should file revised maps with the Commission portraying the new service territories.

NOW, UPON consideration of the record herein, the Hearing Examiner's report, and the applicable statutes, the Commission is of the opinion and finds that the Joint Stipulation accepted by the Hearing Examiner is supported by the record, is reasonable and is in the public interest. The Commission further finds that Commonwealth's Certificate of Public Convenience and Necessity No. G-42a should be canceled and a new certificate of public convenience and necessity should be issued to Commonwealth, authorizing it to include in its service territory the area for normal expected growth around the community of Bluefield, Virginia, described in CPSC Witness Williamson's rebuttal testimony, Exhibit JBW-7 herein. New certificates of public convenience and necessity should be issued to VGDC for Dickenson County, Tazewell County, and Saltville, Virginia.

Finally, Atmos' existing certificates of public convenience and necessity should be canceled and upon receipt of an appropriate map, new certificates of public convenience and necessity should be issued to Atmos which excludes the Town of Saltville from Atmos' service territory in Smyth and Washington Counties, Virginia.

Accordingly, IT IS ORDERED THAT:

(1) The recommendations and proposals set out in the Joint Stipulation, attached as Appendix A hereto, are adopted.

(2) Commonwealth Public Service Corporation's Certificate of Public Convenience and Necessity No. G-42a is hereby canceled and new Certificate of Public Convenience and Necessity No. G-42b shall be issued to CPSC, authorizing it to furnish natural gas service to the northeastern portion of Tazewell County, Virginia, in an area extending from the West Virginia State line to Low Gap and Crabtree Gap, Virginia.

(3) VGDC shall be issued Certificate of Public Convenience and Necessity No. G-165, authorizing it to furnish natural gas service, subject to the condition specified in the certificate, to

> the western portion of Tazewell County, excluding the following service territory allotted to Commonwealth Public Service Corporation. The area allotted to Commonwealth Public Service Corporation is described as that territory beginning at the point of intersection of Bland County, Virginia, Tazewell County, Virginia, and Mercer County,

---

[1] Saltville is located in United Cities Gas Company's ("United Cities'") service territory. United Cities, a division of Atmos Energy Corporation, was a participant in the proceeding, and did not object to the removal of Saltville from its service territory. Pursuant to the Commission's Order Granting Authority and Approval entered in Case No. PUE960232, United Cities Gas Company and Atmos Energy Corporation ("Atmos") were merged on July 31, 1997. On October 21, 1997, United Cities' certificates of public convenience and necessity were canceled and reissued in Atmos' name.

[2] The Joint Stipulation was identified as Exhibit No. 1 and is identified as Appendix A to this Order.

[3] The footnote cited in the Examiner's finding is omitted from the text quoted herein.

West Virginia; then following the Bland County and Tazewell County line southwest, south, and southwest to Crabtree Gap; then following a northwesterly line to Low Gap; then following the Tazewell County, Virginia and McDowell County, West Virginia line in a northeasterly direction to the point of intersection of Tazewell County, Virginia, McDowell County, West Virginia, and Mercer County, West Virginia; then following the Mercer County, West Virginia and Tazewell County, Virginia line in a southeasterly direction to the point of beginning.

If gas service to the area designated herein to Virginia Gas Distribution Company is not furnished within five years of the date of the Final Order in Case No. PUE970025, the authority granted to furnish natural gas service shall be terminated and this certificate voided.

(4) Certificate of Public Convenience and Necessity No. G-166 shall be issued to VGDC, authorizing it to furnish natural gas service, subject to the conditions specified in the certificate, to all of Dickenson County, Virginia. If gas service to the area designated in this certificate is not provided within five years of the date of this Final Order, the authority granted herein to furnish natural gas service shall be terminated, and this certificate voided.

(5) Certificate of Public Convenience and Necessity No. G-167 shall be issued to VGDC, authorizing it to furnish natural gas service, subject to the conditions specified in the certificate, to an

area encompassing the proposed Virginia Gas Distribution Company Saltville Distribution Area located in Smyth and Washington Counties of Virginia and being a tract of land that encompasses the Town of Saltville, Virginia and its surrounding communities more particularly described as follows:

Beginning at a point approximately 1.43 miles South of Saltville Corporate Boundary along State Route 107 and .30 miles East of State Route 107 and whose scaled Virginia State plane coordinates are North 204322.2 and East 1058297.1;

Thence South 84° 54' 26" West for a distance of 17121.29' to a point;

Thence North 53° 06' 56" West for a distance of 6736.24' to a point;

Thence North 32° 17' 17" West for a distance of 7572.35' to a point;

Thence North 29° 16' 54" East for a distance of 14282.59' to a point;

Thence North 89° 43' 34" East for a distance of 17922.32' to a point;

Thence South 04° 12' 22" East for a distance of 21526.00' to the point of beginning.

Said property contains 11,338.2 acres more or less.

If gas service to the area designated herein to Virginia Gas Distribution Company is not provided within five years of the date of the Final Order in Case No. PUE970025, the authority granted to furnish natural gas service shall be terminated and this certificate voided.

(6) Once Atmos Energy Corporation files the appropriate maps with the Commission's Division of Energy Regulation, Atmos' Certificates of Public Convenience and Necessity No. G-77c and G-6e shall be canceled, and new Certificates of Public Convenience and Necessity No. G-77d and G-6f shall be issued authorizing Atmos to furnish gas service

in and around Smyth and Washington Counties, Virginia, respectively, excluding the Town of Saltville which has been allotted to Virginia Gas Distribution Company. The excluded service territory allotted to Virginia Gas Distribution Company is more particularly described as an area encompassing the proposed Virginia Gas Distribution Company Saltville Distribution Area located in Smyth and Washington Counties of Virginia and being a tract of land that encompasses the Town of Saltville, Virginia and its surrounding communities more particularly described as follows:

Beginning at a point approximately 1.43 miles South of Saltville Corporate Boundary along State Route 107 and .30 miles East of State Route 107 and whose scaled Virginia State plane coordinates are North 204322.2 and East 1058297.1;

Thence South 84° 54' 26" West for a distance of 17121.29' to a point;

Thence North 53° 06' 56" West for a distance of 6736.24' to a point;

Thence North 32° 17' 17" West for a distance of 7572.35' to a point;

Thence North 29° 16' 54" East for a distance of 14282.59' to a point;

Thence North 89° 43' 34" East for a distance of 17922.32' to a point;

Thence South 04° 12' 22" East for a distance of 21526.00' to the point of beginning.

Said property contains 11,338.2 acres more or less.

(7) There being nothing further to be done herein, this matter shall be dismissed from the Commission's files for ended causes.

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

CASE NO. PUE970027
APRIL 2, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
JOSEPH E. MONROE, et al.
v.
SOUTH ANNA SERVICE CORPORATION

DISMISSAL ORDER

By letter filed on March 27, 1997, South Anna Service Corporation ("South Anna" or "the Company") requested leave from the Commission to withdraw its proposed increase in rates for sewerage service which was due to be effective February 1, 1997. The Company stated that it had not implemented that proposed rate increase and would continue to use its current rates.

By Ruling issued on March 28, 1997, the Hearing Examiner granted South Anna's request and canceled the hearing currently scheduled for September 11, 1997. The Hearing Examiner also recommended that the Commission enter an order dismissing this matter from its docket.

NOW THE COMMISSION, having considered the Company's request and the Hearing Examiner's Ruling, is of the opinion and finds that this matter should be dismissed. Accordingly,

IT IS ORDERED THAT this matter be and hereby is dismissed from our docket of active proceedings and the papers placed in the file for ended causes.

CASE NO. PUE970030
FEBRUARY 18, 1997

APPLICATION OF
SMITH MOUNTAIN WATER COMPANY

For cancellation of certification of public convenience and necessity

ORDER CANCELING CERTIFICATE

By order entered December 9, 1996, Smith Mountain Water Company ("Smith Mountain" or "the Company") is currently authorized to provide water service to residents of the Lakemont, Overlook, and Starwood subdivisions in Franklin County, Virginia.

In a February 7, 1997 filing, Staff recommended that the Company's certificate of public convenience and necessity be canceled (W-261A). Staff noted that, based on information received from the U.S. Bankruptcy Court for the Western District of Virginia ("the Bankruptcy Court") well lots and appurtenant easements which service the Lakemont, Starwood, and Overlook subdivisions were sold.[1] Staff also noted that, based on the State Corporation Commission records, the corporate existence of the Company was terminated on September 1, 1995.

NOW THE COMMISSION, having considered the matter, is of the opinion that Smith Mountain's certificate should be canceled. Accordingly,

IT IS ORDERED THAT:

(1) Certificate No. W-261A be, and hereby is, canceled.

(2) There being nothing further to be done, this matter be, and hereby is, dismissed from the Commission's docket of active cases and the papers placed in the file for ended causes.

[1] In re: Smith Mountain Water Co., Inc., Chapter 7, Case No. 7-93-01625, slip op. at 2 (W.D. Va. Mar. 16, 1995).

CASE NO. PUE970046
MARCH 4, 1997

APPLICATION OF
ROCKBRIDGE RURAL WATER AGENCY, INC.

For cancellation of certificate of public convenience and necessity

ORDER CANCELLING CERTIFICATE

By order entered June 10, 1971, Rockbridge Rural Water Agency, Inc., ("the Company") was granted authority to provide water service to residents of the Buckhill subdivision in Rockbridge County, Virginia.

In a February 12, 1997 filing, Staff recommended that the Company's certificate of public convenience and necessity be cancelled (W-172). Staff noted that its recommendation resulted from information showing that the assets of the Company were transferred to the Rockbridge County Public Service Authority on January 5, 1996.

NOW THE COMMISSION, having considered the matter, is of the opinion that the Company's certificate should be cancelled.

Accordingly, IT IS ORDERED THAT:

(1) Certificate W-172 be, and hereby is, cancelled.

(2) There being nothing further to be done, this matter be, and hereby is, dismissed from the Commission's docket for active cases and the papers herein be placed in the file for ended causes.

CASE NO. PUE970083
OCTOBER 28, 1997

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For approval of experimental demand-side management programs and residential and general service rate experiments

ORDER AUTHORIZING MODIFIED EXPERIMENTS AND PROGRAMS

On February 21, 1997, Central Virginia Electric Cooperative ("CVEC" or "the Cooperative") filed an application, seeking approval of two experimental demand-side management ("DSM") programs and authorization to initiate experimental time-of-use ("TOU") rates, to be offered to residential and general service customers respectively. The Cooperative proposed to offer air conditioning and resistance space heating DSM programs for three years to 100 consumers selected by the Cooperative from an applicant pool limited to consumers already participating in CVEC's electric water heater control program. The proposed incentive payment program for the air conditioning DSM program would vary with the percentage of time the air conditioner is controlled. The proposed electric resistance space heating DSM pilot would offer an annual credit of $50 to be applied to the consumer's April bill. Incentive payments made during the first year are proposed to be prorated to reflect the number of months the consumer's resistance space heating load was subject to direct control.

CVEC proposes to offer its TOU rate experiment for two years and to offer these rates only to CVEC consumers served from Virginia Power delivery points. The proposed customer charge for experimental TOU Schedule A-T is $14.00, $5.00 higher than the customer charge in the standard Schedule A. Experimental TOU Schedule B-T has a $15.00 customer charge, which is $5.00 higher than the customer charge in the CVEC's standard general service rate schedule. Consumers will incur a $60 charge should they decide to revert back to the otherwise applicable non-experimental rate within one year after their initial billing under both TOU rates.

On March 21, 1997, the Commission entered a procedural order in this matter which suspended Rate Schedules A-T and B-T through July 21, 1997, directed the Cooperative to publish notice of its application throughout its service territory, invited interested parties to file comments or requests for hearing on CVEC's proposals, and directed the Staff to file a report on the application.

On July 17, 1997, CVEC, by counsel, filed its proof of publication and service as required by the March 21, 1997 Order. No comments or requests for hearing on the application were filed.

On July 15, 1997, the Staff filed its Report, wherein it recommended that the experimental DSM programs be conducted over a two-year period, rather than the three-year period requested in the application, that CVEC file amended tariff sheets incorporating the provisions of the DSM programs, and recommending that the Cooperative file periodic reports on the programs.

With respect to the TOU rates, the Staff recommended that CVEC install TOU meters on the meters of CVEC's customers served from American Electric Power Company ("AEP") delivery points in order to gather data on the effect of these customers on the Cooperative's overall system operation and wholesale power costs. The Staff also recommended that the Cooperative restrict its application of the TOU rates so that consumers subject to these rates would not participate in the foregoing DSM programs. Staff proposed that CVEC set the TOU meter for one billing period prior to the initiation of experimental rates so that consumers subject to these rates would have a base use guideline from which they could begin modifying their patterns of electric consumption.

Additionally in its Report, the Staff recommended that the Cooperative split the costs associated with its $60 exit fee with any CVEC consumers who leave the TOU rate experiment prior to a full year's participation. Finally, the Staff recommended that the Cooperative file a report on its TOU experiment, after twelve months of operating experience, identifying the number of participants, level of participant electric usage and the number of participants who left the program during the period for which data was reported. At the end of the two year experiment, Staff proposed that CVEC file a report, addressing the disposition of the experimental rates, and including a summary of the level of participation, energy savings by the participants, and the effect of the experiment on CVEC's wholesale power costs.

On August 15, 1997, CVEC filed comments to the Staff's Report, together with a Motion to Waive Hearing in this matter. According to the Cooperative, none of the issues raised by the Staff created a factual dispute for which a hearing would be required.

On August 28, 1997, the Staff filed its response to the Cooperative's comments, and on September 19, 1997, CVEC filed its reply to the Staff's response. These supplemental pleadings narrowed the issues in controversy between the Cooperative and Staff.

NOW, UPON consideration of the Cooperative's application, the Staff Report, CVEC's comments, Staff's response, the Cooperative's reply thereto, and the applicable statutes, the Commission is of the opinion and finds that consistent with Ordering Paragraph (8) of the March 21, 1997 Order for Notice, no hearing with oral testimony will be held, and this matter will be determined on the pleadings and papers filed herein. The terms under which CVEC may conduct its air conditioning and resistance space heating DSM programs and TOU rate experiments are set out below.

Air Conditioner and Resistance Space Heating DSM Programs

The Commission finds that CVEC should be permitted to implement its experimental resistance space heating and air conditioning programs for a period of two years. Consistent with its representations, the Cooperative must begin installing the load management equipment required for these DSM programs within 60 days of this Order. The two-year term for these experiments shall be measured from the end of this 60 day period.

Further, the Cooperative shall file a report on the resistance space heating program on April 30, 1998, and April 30, 1999, addressing the issues and providing the information identified at page 13 of Part A of the July 15, 1997 Staff Report. The Cooperative shall file a final report concerning its resistance space heating experiment and recommending an appropriate disposition for this program by no later than April 30, 1999, based upon the reported results of the program.

CVEC shall file its report on the experimental air conditioner DSM program on or before November 30, of 1998 and 1999. This report shall, at a minimum, address the issues and provide the information identified at page 13 of Part A of the July 15, 1997 Staff Report. On or before November 30, 1999, CVEC shall file a final report, addressing the final disposition of the Cooperative's air conditioner DSM program, based upon the reported results of the program.

TOU Rate Experiment

With regard to CVEC's TOU experiment, we agree with the Staff and the Cooperative that it is appropriate to analyze the total metering point usage from meters placed on the AEP -Virginia delivery points on CVEC's system in addition to those placed on the meters of customers served by Virginia Power delivery points so that the Cooperative will have certain data on these customers' usage patterns. These data should be helpful in the event CVEC decides to offer its TOU rates to all of its customers. The Cooperative shall supplement the data gathered from these meters by conducting a survey of each AEP delivery point to identify by customer class the number of customers on each delivery point. CVEC should take every action necessary to ensure that data is available to support the application of TOU rates to CVEC customers served from AEP delivery points as well as those served from Virginia Power delivery points.

Staff and the Cooperative continue to disagree over the $60.00 exit fee which the Cooperative proposes to charge to consumers electing to leave the experimental TOU Rate Program after less than twelve months of participation. The Cooperative asserts that failure to collect the appropriate costs from a customer leaving the TOU experimental rate rewards the departing customer at the expense of other Cooperative customers who will absorb the costs of this program if the exit fee is reduced.

Central to the Cooperative's argument is the principle that a customer subscribing to the Cooperative's TOU rate will pay increased rates only if that customer fails to adjust his usage patterns of electricity to take advantage of the rate. However, as the Staff's Report observes, there is no verifiable means by which a customer can know if he will be able to modify his daily consumption pattern unless CVEC sets the TOU meter for one billing period prior to initiation of experimental rates for each customer and provides the data describing the monthly usage pattern to the customer. We will, therefore, allow the Cooperative to charge a $60.00 exit fee to its TOU rate participants who elect to leave that rate schedule in less than twelve months. However, we shall require CVEC to set its TOU meter for one billing period prior to initiation of the experimental rates for each customer. CVEC must provide the data derived during this 30-day initial billing period to the customer and must also provide potential TOU participants with instructions on how to interpret this billing data before permitting the customer to participate in CVEC's TOU rates or charging an exit fee. CVEC shall coordinate with the Commission Staff in developing uniform instructions to assist potential TOU participants in the interpretation of the billing data the Cooperative provides. If, after receiving this preliminary information, CVEC's consumer does not choose to participate in the TOU experiment, CVEC may not charge the consumer an exit fee. This information should provide a participating consumer with a guideline for his base use of electricity which may assist the consumer in modifying his pattern of electric consumption.

Consistent with the Staff report's recommendation, the term for the Cooperative's TOU rate experiment shall be two years from the date of entry of this Order. Further, the Cooperative shall restrict the availability of the TOU rates so that participants in the TOU program may not participate in CVEC's other load management program. In this way, the effectiveness of these experimental rates may be evaluated on their own merits without the exogenous influences of the other DSM experiments the Cooperative is undertaking.

The Cooperative shall file a report concerning its TOU experimental rates, on or before November 20, 1998, which at a minimum shall identify the number of participants, level of participants' electric usage, savings for the program participants and for CVEC, and the number of TOU participants who left the program during the period for which data is reported. On or before November 19, 1999, CVEC shall file a final report, addressing its requested disposition for its experimental TOU rates. This final report shall, at a minimum, include a detailed summary of the level of participation in the program, energy savings by the participants, and the effect of this experiment on the Cooperative's wholesale power costs.

Miscellaneous Issues

The Staff's August 28 response identified certain technical corrections the Cooperative must make to the tariffs implementing its experimental programs. Accordingly, we find that the Cooperative must file with the Division of Energy Regulation, revised tariffs incorporating the modifications to its proposals adopted herein, and including the technical tariff corrections identified at pages 9-11 of the Staff's August 28, 1997 response filed in this matter.

Finally, although we are authorizing the Cooperative to initiate the experimental DSM programs and TOU rates with the modifications accepted herein, we make no findings concerning the reasonableness or recovery by the Cooperative of the associated costs for these programs. Recovery of these costs through rates is more properly the subject of a subsequent proceeding in which CVEC may offer evidence identifying and supporting the expenditures associated with its programs.

Accordingly, IT IS ORDERED THAT:

(1) The experimental DSM air conditioning and resistance space heating programs are approved, as modified herein. The term of these programs shall be two years. CVEC shall have 60 days from the date of this Order in which to begin to install its meters and associated equipment for these programs. The two year term of the DSM programs shall commence after the 60 day period in which CVEC begins to install its meters and other equipment associated with these programs.

(2) CVEC's TOU rates, revised to incorporate the findings made herein, are approved on an experimental basis for a term of two years from the date of this Order.

(3) CVEC shall file with the Clerk of the Commission the reports for its DSM and TOU experiments on the dates identified herein.

(4) On or before November 13, 1997, CVEC shall file revised tariffs with the Division of Energy Regulation, incorporating the program modifications and technical corrections for the DSM programs and TOU experimental rates accepted in this Order.

(5) This matter shall be continued to receive the reports and other documents to be filed in this matter.

CASE NO. PUE970101
JUNE 11, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
BYERS ENGINEERING COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to Va. Code § 56-265.30, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, Va. Code §§ 56-265.14 et seq. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges:

(1) That on or about April 8, 1996, Byers Engineering Company ("the Company") damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 20165 Hardwood Terrace, Ashburn, Virginia, while excavating;

(2) That on or about July 2, 1996, the Company damaged a two inch plastic gas main line operated by Washington Gas located at 3433 Carylyn Springs Road, Fairfax, Virginia, while excavating;

(3) That on or about July 5, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 12410 Willow Falls Drive, Herndon, Virginia, while excavating;

(4) That on or about July 5, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 6910 Richmond Highway, Alexandria, Virginia, while excavating;

(5) That on or about July 8, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 3813 Whispering Lane, Falls Church, Virginia, while excavating;

(6) That on or about July 9, 1996, the Company damaged a one-half inch plastic gas service line operated by Washington Gas located at 11700 Foxvale Court, Oakton, Virginia, while excavating;

(7) That on or about July 11, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 697 Mead Drive, Leesburg, Virginia, while excavating;

(8) That on or about July 11, 1996, the Company damaged a two inch plastic gas main line operated by Washington Gas located at 21965 Cascade Parkway, Sterling, Virginia, while excavating;

(9) That on or about July 15, 1996, the Company damaged a one-half inch plastic gas service line operated by Washington Gas located at 5736 Buckhaven Court, Alexandria, Virginia, while excavating;

(10) That on or about July 17, 1996, the Company damaged a eight inch plastic gas main line operated by Washington Gas located at Whitewater Drive, Sterling, Virginia, while excavating;

(11) That on or about July 22, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at Lot 90 Upper Clubhouse Drive, South Riding, Virginia, while excavating;

(12) That on or about July 24, 1996, the Company damaged a one-half inch plastic gas service line operated by Washington Gas located at 12169 Queens Brigade Drive, Clifton, Virginia, while excavating;

(13) That on or about August 2, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at Lot #30, Artic Fox Way, Reston, Virginia, while excavating;

(14) That on or about August 2, 1996, the Company damaged a one-half inch plastic gas service line operated by Washington Gas located at 9117 Steven Irving Court, Burke, Virginia, while excavating;

(15) That on or about August 3, 1996, the Company damaged a one-half inch plastic gas service line operated by Washington Gas located at 116 W. Brighton Avenue, Sterling, Virginia, while excavating;

(16) That on or about August 6, 1996, the Company damaged a one-half inch plastic gas service line operated by Washington Gas located at 3815 Birchwood Road, Falls Church, Virginia, while excavating;

(17) That on or about August 8, 1996, the Company damaged a four inch plastic gas main line operated by Washington Gas located at 25376 Herring Creek Drive, South, Riding, Virginia, while excavating;

(18) That on or about August 14, 1996, the Company damaged a one-half inch plastic gas service line operated by Washington Gas located at 2617 N. Stuart Street, Arlington, Virginia, while excavating;

(19) That on or about August 14, 1996, the Company damaged a one-half inch plastic gas service line operated by Washington Gas located at 1200 W. Braddock Road, Alexandria, Virginia, while excavating;

(20) That on or about August 17, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 47178 Chambliss Court, Sterling, Virginia, while excavating;

(21) That on or about August 22, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at Lot 16, Hidden Cove Court, Sterling, Virginia, while excavating;

(22) That on or about September 3, 1996, the Company damaged a one-quarter inch plastic gas service line operated by Washington Gas located at 717 N. Argonne Avenue, Sterling, Virginia, while excavating;

(23) That on or about September 12, 1996, the Company damaged a two inch plastic gas service line operated by Washington Gas located at 46240 Potomac Run, Sterling, Virginia, while excavating;

(24) That on or about September 12,1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 7307 Little River Turnpike, Fairfax, Virginia, while excavating;

(25) That on or about September 16, 1996, the Company damaged a one-half inch plastic gas service line operated by Washington Gas located at 7717 Idylwood Road, Falls Church, Virginia, while excavating;

(26) That on or about September 17, 1996, the Company damaged a three-quarter inch plastic gas main line operated by Washington Gas located at 44893 Point Bay Terrace, Ashburn, Virginia, while excavating;

(27) That on or about September 18, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 5555 Columbia Pike, Falls Church, Virginia, while excavating;

(28) That on or about September 24, 1996, the Company damaged a one-half inch plastic gas service line operated by Washington Gas located at 3045 Mount Vernon Avenue, Alexandria, Virginia, while excavating;

(29) That on or about October 14, 1996, the Company damaged a one-half inch plastic gas service line operated by Washington Gas located at 43148 Katama Square, South Riding, Virginia, while excavating;

(30) That on or about October 15, 1996, the Company damaged a two inch plastic gas main line operated by Washington Gas located at Lot 109, Brittedford Drive, Reston, Virginia, while excavating;

(31) That on or about October 16, 1996, the Company damaged a one-half inch plastic gas service line operated by Washington Gas located at 16776 Brandymoor Loop, Woodbridge, Virginia, while excavating;

(32) That on or about October 18, 1996, the Company damaged a one-half inch plastic gas service line operated by Washington Gas located at 13160 Flynn Court, Gainesville, Virginia, while excavating; and

(33) That the Company caused such damages by failing to mark to the approximate horizontal location on the ground to within two feet of either side of the underground utility line, in violation of Va. Code § 56-265.19.A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $21,900 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by Va. Code Ann. § 12.1-15, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $21,900 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970102
JULY 31, 1997

APPLICATION OF
COMMONWEALTH GAS SERVICES, INC.

To amend certificates of public convenience and necessity pursuant to the Utility Facilities Act

FINAL ORDER

On February 27, 1997, Commonwealth Gas Services, Inc. ("CGS") filed an application with the State Corporation Commission requesting an amendment of its Certificate of Public Convenience and Necessity No. G-37i to provide gas distribution in an area of Prince William County, Virginia not currently receiving such service, and which is certificated to Washington Gas Light Company ("WGL"). The affected territory consists of a portion of a residential development known as Mallard Landing. The development currently lies within the certificated service territories of both CGS and WGL. CGS's application was supported by a letter from the developer of Mallard Landing to CGS requesting gas service to the subdivision, and a letter from counsel for WGL stating it has no objection to CGS providing gas service to the entire Mallard Landing development.

On May 22, 1997, the Commission entered an Order for Notice wherein it docketed the application; directed CGS to publish notice of its application in the areas affected by the application; invited the public to file written comments or requests for hearing, by July 7, 1997; and required the Staff to file a report on the application.

WGL filed a statement reiterating its position that it does not oppose the proposed amendment to CGS's Certificate No. G-37i, nor to the necessary corresponding amendment to WGL's Certificate No. G-51j. No other comments or request for hearing were filed.

On July 9, 1997, the Staff filed its report. Staff noted that WGL has no facilities in its service territory in the Mallard Landing development. Since the developer has requested service from CGS, and WGL has no objection to CGS supplying gas to the entire development, Staff observed that CGS is the logical choice to provide gas service to Mallard Landing. Staff, therefore, supported CGS's application to amend its Certificate No. G-37i.

On July 14, and July 28, 1997, CGS filed proof of publication and service as required by the May 22, 1997 order.

WGL and CGS have advised that they have provided copies of their revised certificate maps to Staff.

NOW THE COMMISSION, having considered the application, the pleadings, the Staff report, and the applicable statutes, is of the opinion and finds that it is in the public interest for CGS's Certificate of Public Convenience and Necessity No. G-37i be canceled, and that amended Certificate No. G-37j should be issued to CGS to authorize it to serve the area requested and identified in its application; and that it is in the public interest to cancel WGL's Certificate of Public Convenience and Necessity No. G-51j and issue amended Certificate No. G-51k to WGL; and that this matter should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Va. Code §§ 56-265.2 and -265.3, Certificate of Public Convenience and Necessity No. G-37i issued to CGS shall be canceled and CGS shall be issued a Certificate of Public Convenience and Necessity No. G-37j, noting the inclusion of the entire Mallard Landing subdivision.

(2) Pursuant to Va. Code §§ 56-265.2 and 265.3, Certificate of Public Convenience and Necessity No. G-51j authorizing WGL to provide gas service in portions of Prince William County shall be canceled and WGL shall be issued a Certificate of Public Convenience and Necessity No. G-51k, noting the transfer of WGL's portion of the Mallard Landing subdivision to CGS.

(3) Copies of this order shall be placed in Certificate File Nos. 10165 and 10314, which are lodged in the Commission's Division of Energy Regulation.

(4) This case shall be dismissed from the Commission's docket of active proceedings, and the dockets filed herein placed in the Commission's file for ended causes.

CASE NO. PUE970103
JULY 10, 1997

APPLICATION OF
COMMUNITY ELECTRIC COOPERATIVE

For approval of an Excess Facilities-Surge Suppression Tariff, "Schedule EF-SSD"

ORDER APPROVING MODIFIED TARIFF

On February 27, 1997, Community Electric Cooperative ("Community" or "the Cooperative") delivered an application to the State Corporation Commission ("Commission"), requesting approval of its proposed Excess Facilities-Surge Suppression Tariff, designated "Schedule EF-SSD". The Cooperative filed documents completing its application on March 18, 1997.

Under Community's proposal for this new service, the Cooperative would offer surge protectors to all of its consumers purchasing alternating electricity for all purposes including lighting, heating and power up to 50 kW demand and where such power being provided is single phase, 60 cycle, at the Cooperative's standard voltage to a meter base rated at 200 amperes or less, with adequate grounding. Community proposes to furnish, install, maintain and remove a whole house surge suppression device which connects to the service entrance between the meter and meter base. Under the terms of the proposal, Community's consumers will pay the Cooperative a connection fee of $50.00 for installation of the surge suppression device. In addition, Community proposes that its consumers pay a monthly charge of 3.18% of the estimated new installed cost less the connection fee (approximately $3.75) for the next 36 months. After the initial 36 month contract, the device is available on a month to month basis as provided in the lease agreement.

By Order entered March 25, 1997 ("Order"), the Commission permitted Community's proposed tariff revision to become effective for service rendered on and after March 25, 1997, on an interim basis, subject to refund with interest. The Order also required notice to the public and established a procedural schedule for the receipt of comments and requests for hearing. Further, the Order directed the Commission Staff ("Staff") to file a report concerning the application.

No comments or requests for hearing were received. On May 14, 1997, Community filed proof of publication of the notice prescribed by the Order. The Staff filed its report on June 13, 1997.

In its Report, the Staff recommended that Schedule EF-SSD be implemented on a permanent basis, subject to one modification. The Staff commented that the percentage used to determine monthly charges for the excess facilities is based on the manufacturer's specified service life. The Cooperative's tariff includes an investment cost of 7.00% on the estimated installed cost of excess facilities included in the monthly lease charge in the tariff. According to the Staff, this investment cost is derived from the 7 year marginal interest rate from CFC, the Cooperative's financing institution.

The Staff commented that in Application of Rappahannock Electric Cooperative, Case No. PUE920038, and Application of A&N Electric Cooperative, Case No. PUE950059, the Commission used the approved rate of return on rate base as representative of the investment cost. Use of the rate of return of 9.01% approved for Community in Case No. PUE910030 in the instant application would increase the Cooperative's monthly lease charge from $3.75 to $4.00, an increase of approximately $3.00 per year. Staff maintains that use of a currently authorized return on rate base rather than the CFC marginal interest rate used by the Cooperative would assure that no other customer class would subsidize Schedule EF-SSD, and the Schedule would begin its life at parity with the Cooperative's system return. Staff recommended that: (i) the tariff be modified to incorporate the use of a currently approved rate of return for calculation of the monthly lease percentage, and (ii) the monthly charge in the tariff be modified in future rate proceedings by altering the approved rate of return and through changes in the average price of the facility as represented in the Cooperative's Continuing Property Records accounts.

On June 27, 1997, the Cooperative filed exceptions to the Staff report. It expressed concern that the higher monthly lease rate might impact the volume of surge suppression devices Community may be able to lease. It requested the Commission to approve the lower monthly lease charge specified in the Cooperative's application. The Cooperative did not request a hearing on the issues raised in the Staff's report.

NOW UPON consideration of the application, the Staff's Report, and the applicable statutes, the Commission is of the opinion and finds that Community should be permitted to implement Schedule EF-SSD on a permanent basis, as modified herein. We will modify this Schedule to require the use of a currently approved rate of return in the calculation of the monthly lease percentage portion of this tariff. This modification will allow the Schedule to be offered at parity with system return, thus minimizing the opportunity for subsidization by the general body of Community's ratepayers. Additionally, this modification will make the Schedule more consistent with similar rate schedules we have approved for other cooperatives.

Accordingly, IT IS ORDERED THAT:

(1) The Cooperative shall file on or before July 25, 1997, a revised Schedule EF-SSD, incorporating the modifications discussed in our findings herein.

(2) The Cooperative's Schedule EF-SSD, as modified herein, shall be implemented on a permanent basis, effective as of the date of this Final Order.

(3) This matter shall be dismissed and placed in the Commission's file for ended causes.

CASE NO. PUE970104
MAY 28, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to sell public service corporation property

ORDER GRANTING AUTHORITY

On February 25, 1997, Virginia Electric and Power Company ("Virginia Power," the "Company", the "Applicant) filed an application under the Utility Transfers Act requesting authority to sell and convey to the City of Franklin, Virginia ("Franklin," the "City"), certain distribution facilities and the easement and right-of-way associated with the facilities (the "Facilities"). The Facilities have been, and are currently being, used by Virginia Power to provide retail electric service in its certificated service area. After transfer of the Facilities to Franklin, the City will use the Facilities to provide retail electric service to its customers within the Annexed Area. Franklin currently provides its own retail electric utility service throughout the city limits except those portions of the Annexed Area that are being served by Virginia Power.

In its application, the Company states that the original cost of the Facilities is $305,092. The purchase price for the Facilities is $496,342.06 plus or minus any adjustments due to additions, damages, or destruction of any of the Facilities. Virginia Power states that the purchase price was the result of arms-length bargaining. Included in the sales price is the sale price of the Facilities ($235,984) and the cost to rearrange the Company's existing distribution facilities to accommodate the sale ($32,594.06). The balance of $227,764 is the negotiated cumulative amount Virginia Power has agreed to accept as compensation for anticipated revenue losses, inventory costs, and legal and administrative expenses. Virginia Power states that the proposed transfer will allow the City to utilize the Facilities to provide electric utility service to its customers throughout the City, including the Annexed Area. The Company represents that the transfer will neither impair nor jeopardize adequate service to the public at just and reasonable rates and is in the public interest.

THE COMMISSION, upon consideration of the application and representation of the Applicant and having been advised by its Staff, is of the opinion and finds that the above-described transfer will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and is in the public interest. Accordingly,

IT IS ORDERED THAT:

1) Pursuant to §§ 56-89 and 56-90 of the Code of Virginia, Virginia Electric and Power Company is hereby granted authority to sell and transfer the above-described facilities under the terms and conditions and at the price of $496,342.06.

2) The authority granted herein shall have no ratemaking implications.

3) The required signed copies of the service territory maps showing the proposed amended service territory boundaries shall be sent to the Commission's Division of Energy Regulation for the completion of the required certificate changes.

4) On or before July 31, 1997, a report of the action taken pursuant to the authority granted herein shall be filed with the Commission. The report of the action taken shall include the date of sale, the sales price, and the accounting entries reflecting the transfer.

5) This matter shall be continued generally subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUE970120
APRIL 16, 1997

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

ORDER OF SETTLEMENT

Pursuant to Va. Code § 56-265.30, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, Va. Code §§ 56-265.14 et seq. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges:

(1) That on or about June 24, 1996, American Trenching damaged an unmarked one-half inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 1328 Raynor Drive, Virginia Beach, Virginia;

(2) That on or about June 27, 1996, Gentle Rain Irrigation damaged an unmarked one-half inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 2704 Nicewood Court, Virginia Beach, Virginia;

(3) That on or about June 24, 1996, Asphalt Roads & Materials Co., Inc., damaged an unmarked three-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 482 Leslie Terrace, Virginia Beach, Virginia;

(4) That on or about October 9, 1996, Stackhouse, Inc. damaged an unmarked two inch plastic gas main line operated by Virginia Natural Gas, Inc. while excavating at or near 112 Castalow Court, Newport News, Virginia Beach, Virginia;

(5) That on or about October 25, 1996, Stackhouse, Inc. damaged an unmarked two inch plastic gas main line operated by Virginia Natural Gas, Inc. while excavating at or near 1968 Sandee Crescent, Virginia Beach, Virginia;

(6) That on or about December 4, 1996, Polynesian Pools damaged an unmarked one-half inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 1707 Cobnell Avenue, Norfolk, Virginia;

(7) That on or about December 10, 1996, Kevcor Contracting Corp. damaged an unmarked three-quarter inch copper gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 515 24th Street, Virginia Beach, Virginia;

(8) That on or about December 17, 1996, Lucy Plumbing damaged an unmarked three-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 139 Battlefield Boulevard, Chesapeake, Virginia;

(9) That on or about December 17, 1996, Saunders Contracting Services, Inc. damaged an unmarked three-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 3115 West Avenue, Newport News, Virginia Beach, Virginia;

(10) That on or about December 20, 1996, Utilx Corporation damaged an unmarked one-half inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 2324 Cape Arbor Drive, Virginia Beach, Virginia;

(11) That on or about December 20, 1996, Falcon Construction damaged an unmarked three-quarter inch steel gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 1226 Hampton Avenue, Newport News, Virginia;

(12) That on or about December 23, 1996, Stackhouse, Inc. damaged an unmarked three-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 2105 Whitney Park Court, Virginia Beach, Virginia;

(13) That on or about December 27, 1996, Falcon Construction damaged an unmarked one-and-one-quarter inch steel gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 1244 Hampton Avenue, Newport News, Virginia;

(14) That on or about January 6, 1997, W. L. Cummings damaged an unmarked one-half inch cast iron gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 3236 Fayette Drive, Virginia Beach, Virginia;

(15) That on or about January 7, 1997, Virginia Electric and Power Company, damaged an unmarked two inch plastic gas main line operated by Virginia Natural Gas, Inc. while excavating at or near 1105 Wadena Road, Chesapeake, Virginia;

(16) That on or about January 13, 1997, Vico Construction damaged an unmarked one-and-one-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 930 North Military Highway, Norfolk, Virginia;

(17) That on or about January 14, 1997, Peninsula Contractors damaged an unmarked one-and-one-quarter inch steel gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 2100 Bay Avenue, Hampton, Virginia;

(18) That on or about January 22, 1997, Stackhouse, Inc. damaged an unmarked one-and-one-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 200 Cybernetics Way, York County, Virginia;

(19) That on or about January 30, 1997, Suburban Grading & Utilities, Inc. damaged an unmarked two inch plastic gas main line operated by Virginia Natural Gas, Inc. while excavating at or near Cascade and Campostella Road, Norfolk, Virginia;

(20) That on or about January 30, 1997, Wolf Contractors, Inc. damaged an unmarked three-quarter inch steel gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 1000 Great Bridge Boulevard, Chesapeake, Virginia;

(21) That NOCUTS, Inc. ("the Company"), acting on behalf of Virginia Natural Gas, Inc., caused such damages by failing to mark the approximate horizontal location of these underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of Va. Code § 56-265.19.A;

(22) That on or about December 4, 1996, the Town of Blacksburg damaged an unmarked three-quarter inch plastic gas service line operated by United Cities Gas Company while excavating at or near 310 Turner Street, Blacksburg, Virginia;

(23) That the Company, acting on behalf of United Cities Gas Company, caused such damage by failing 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 Va. Code § 56-265.19.A;

(24) That on or about May 8, 1996, Crummett Construction damaged an unmarked one inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 1611 Armstrong Avenue, Staunton, Virginia;

(25) That on or about May 14, 1996, Winn's Plumbing damaged an unmarked one inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 19807 Ivan Road, Chesterfield, Virginia;

(26) That on or about May 22, 1996, H & S Fencing damaged an unmarked one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 4104 Longwood Drive, Spotsylvania County, Virginia;

(27) That on or about September 23, 1996, Maughan Construction damaged an unmarked one inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 9505 Hull Street Road, Chesterfield, Virginia;

(28) That on or about September 30, 1996, the City of Staunton damaged an unmarked two inch plastic gas main line operated by Commonwealth Gas Services, Inc. while excavating at or near 605 Randolph Street, Staunton, Virginia;

(29) That on or about October 3, 1996, the City of Petersburg, damaged an unmarked one inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 405 Canal Street, Petersburg, Virginia;

(30) That on or about October 7, 1996, Virginia Concrete Construction damaged an unmarked three-quarter inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 501 MacArthur Avenue, Colonial Heights, Virginia;

(31) That on or about October 21, 1996, S & S Plumbing damaged an unmarked one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 2002 Warren Avenue, Hopewell, Virginia;

(32) That on or about November 27, 1996, C. W. Wright damaged an unmarked one-and-one-quarter inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 501 Jefferson Davis Highway, Fredericksburg, Virginia;

(33) That the Company, acting on behalf of Commonwealth Gas Services, Inc., caused such damages by failing to mark the approximate horizontal location of these underground utility lines on the ground to within two feet of either side of the underground utility lines, in violation of Va. Code § 56-265.19.A;

(34) That on or about July 24, 1996, Branch Highways, Inc. damaged an unmarked one inch plastic gas service line operated by Roanoke Gas Company while excavating at or near 101 Harrison Avenue, N.E., Roanoke, Virginia;

(35) That on or about July 30, 1996, Stackhouse, Inc. damaged an unmarked one-half inch plastic gas service line operated by Roanoke Gas Company while excavating at or near 7735 Autumn Lane, N.W., Roanoke, Virginia;

(36) That on or about August 2, 1996, Virginia Baptist Home damaged an unmarked one inch plastic gas service line operated by Roanoke Gas Company while excavating at or near 919 Mount Vernon Drive, Salem, Roanoke, Virginia;

(37) That on or about September 18, 1996, Nelson Repair Service, Inc. damaged an unmarked one-half inch steel gas service line operated by Roanoke Gas Company while excavating at or near 3102 Merino Drive, S.W., Roanoke, Virginia;

(38) That on or about October 18, 1996, Branch Highways, Inc. damaged an unmarked three-quarter inch steel gas service line operated by Roanoke Gas Company while excavating at or near 456 Cherryhill Drive, N.W., Roanoke, Virginia;

(39) That on or about November 12, 1996, H & S Construction damaged an unmarked one inch plastic gas service line operated by Roanoke Gas Company while excavating at or near the intersection of Hollins Road and Kyle Avenue, N.E., Roanoke, Virginia;

(40) That on or about November 24, 1996, Roanoke County damaged an unmarked one-half inch steel gas service line operated by Roanoke Gas Company while excavating at or near 4167 Woodbridge Drive, S.W., Roanoke, Virginia;

(41) That on or about December 10, 1996, H & S Construction damaged an unmarked one inch plastic gas service line operated by Roanoke Gas Company while excavating at or near the intersection of Rosewood Avenue and Woodlawn Avenue, S.W., Roanoke, Virginia;

(42) That on or about December 11, 1996, H & S Construction damaged an unmarked one inch plastic gas service line operated by Roanoke Gas Company while excavating at or near 3128 Woodlawn Avenue, S.W., Roanoke, Virginia;

(43) That on or about December 12, 1996, E. C. Pace Company damaged an unmarked two inch plastic gas main line operated by Roanoke Gas Company while excavating at or near 827 Texas Hollow Road, Salem, Virginia;

(44) That on or about December 17, 1996, Contracting Enterprises, Inc. damaged an unmarked one-half inch plastic gas service line operated by Roanoke Gas Company while excavating at or near 2138 Beavers Lane, Vinton, Virginia;

(45) That on or about December 30, 1996, G. J. Hopkins, Inc. damaged an unmarked two inch plastic gas service line operated by Roanoke Gas Company while excavating at or near 230 Colorado Street, Salem, Virginia;

(46) That the Company, acting on behalf of Roanoke Gas Company, caused such damages by failing to mark the approximate horizontal location of these underground utility lines on the ground to within two feet of either side of the underground utility line, in violation of Va. Code § 56-265.19.A; and

(47) That on or about October 18, 1996, the Company, acting on behalf of Roanoke Gas Company, failed to mark the underground gas line located at 1425 Cravens Creek Lane, S. W., Roanoke, Virginia, within forty-eight hours as requested by Miss Utility ticket number 0410722 served by Stackhouse, Inc., in violation of Va. Code § 56-265.19.A.

As evidenced in the attached Admission and Consent, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $30,375 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by Va. Code Ann. § 12.1-15, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $30,375 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970135
JUNE 11, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
BYERS ENGINEERING COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to Va. Code §56-265.30, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, Va. Code §§ 56-265.14 et seq. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges:

(1) That on or about October 8, 1996, Byers Engineering Company ("the Company") damaged a two inch plastic gas main line operated by Washington Gas located at 14196 Sonora Street, Dale City, Virginia, while excavating;

(2) That on or about October 24, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 3476 Barrister Keep Circle, Fairfax, Virginia, while excavating;

(3) That on or about November 5, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 10421 Vale Road, Oakton, Virginia, while excavating;

(4) That on or about November 8, 1996, the Company damaged a six inch plastic gas main line operated by Washington Gas located at Waterford and Patterson, Leesburg, Virginia, while excavating;

(5) That on or about November 9, 1996, the Company damaged a four inch plastic gas service line operated by Washington Gas located at Hunter Mill Road, Reston, Virginia, while excavating;

(6) That on or about November 22,1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 4211 Elizabeth Lane, Fairfax, Virginia, while excavating;

(7) That on or about November 22,1996, the Company damaged a four inch plastic gas main line operated by Washington Gas located at Lot 24, North Street, Leesburg, Virginia, while excavating;

(8) That on or about November 22,1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 5006 - 8th Road, Arlington, Virginia, while excavating;

(9) That on or about December 5, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 2603 Geneva Hill Court, Oakton, Virginia, while excavating;

(10) That on or about December 18, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 7112 Beulah Street, Alexandria, Virginia, while excavating;

(11) That on or about December 14, 1996, the Company damaged a one-quarter inch plastic gas service line operated by Washington Gas located at 9699 Copeland Drive, Manassas, Virginia, while excavating;

(12) That on or about December 16, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 5301 Backlick Road, Springfield, Virginia, while excavating;

(13) That on or about December 23, 1996, the Company damaged a two inch plastic gas main line operated by Washington Gas located at 14201 Glade Spring Drive, Centreville, Virginia, while excavating;

(14) That on or about December 25, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 1705 Dalewood Place, McLean, Virginia, while excavating;

(15) That on or about January 22, 1996, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas located at 6271-C Old Dominion Drive, McLean, Virginia, while excavating; and

(16) That the Company caused such damages by failing to mark to the approximate horizontal location on the ground to within two feet of either side of the underground utility line, in violation of Va. Code § 56-265.19.A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $10,450 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by Va. Code Ann. § 12.1-15, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $10,450 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970420
JULY 24, 1997

APPLICATION OF
ROANOKE GAS COMPANY

For Authorization to Implement a Pilot Gas Cost Hedging Program

ORDER AUTHORIZING PILOT PROGRAM

On April 14, 1997, Roanoke Gas Company ("Roanoke" or "the Company") filed an application with the State Corporation Commission ("Commission"), requesting authority to conduct a pilot program to use financial hedging instruments negotiated with a financial institution to provide a means to protect against wintertime volatility in the pricing of natural gas service to its customers.[1] Roanoke requested authority to employ financial hedges for up to twenty-five percent of its normal wintertime demand for natural gas, excluding demand volumes supplied from storage. The Company projected the twenty-five percent volume level to be approximately 1,093,000 decatherms and plans to hedge 1,000,000 decatherms by financial contracts. The Company represented that if it were granted approval to engage in the pilot, that it would file a copy of any financial hedging contracts it executes with the Commission's Division of Energy Regulation ("Division") and would furnish the Division with an analysis of the impact of financial hedging contracts after the end of the 1997-98 winter season. Roanoke requested that costs associated with its hedging contracts be recovered through the Company's purchased gas adjustment ("PGA") and actual cost adjustment ("ACA") mechanisms as gas costs. It proposed to implement the pilot for a one-year trial, effective August 1, 1997.

On April 22, 1997, the Commission entered a procedural order in this docket, providing for publication of notice of the contents of the application and establishing a period for the receipt of public comments or requests for hearing. That Order advised in the public notice that if no requests for hearing were received, the Commission could act on the papers filed in this case without convening an ore tenus hearing. It also directed the Staff to file a report on the Company's application.

On June 26, 1997, Roanoke filed its proof of publication of the notice prescribed in the April 22, 1997 Order, together with the proof of service of that Order on local governmental officials within its service territory. No comments or requests for hearing were filed.

On June 10, 1997, the Commission Staff filed its Report. In its Report, the Staff noted that the wholesale gas market experienced exceptionally high, volatile prices for the period November 1, 1996, through February 25, 1997. According to Staff, reduced storage levels, together with predictions of extreme weather for many areas of the country, exerted upward pressures on natural gas prices. The Staff identified the hedging pilot as one possible strategy by which Roanoke could mitigate such price volatility.

The Staff analyzed the definition of purchased gas contained in Roanoke's PGA and determined that the current tariff definition would have to be modified in order for hedging contract costs to be recovered therein. Staff concluded that gas price hedging contracts can be an appropriate component

[1] As described in testimony accompanying Roanoke's application, the Company would negotiate no more than two contracts with a financial institution, most likely a bank. It could contract for either a fixed-price cap contract or a "no cost" collar arrangement under which the bank would guarantee a cap and a floor for gas prices. In the case of a price cap contract, according to the Company, it would pay a premium per decatherm to the bank. In exchange for this premium, whenever the average price for gas for the month in question exceeded the price cap, the bank would pay the Company the value of the excess of the market price over the cap price times the number of decatherms under contract for that month.

In the case of a no premium collar, a cap and floor for gas prices would be established by contract. If the market price of natural gas exceeded the cap, the bank would pay Roanoke the excess over the cap times the contract volumes of gas. If the market price were below the floor price, the Company would pay the bank the difference between the floor price and the market price times the contract volumes.

of a prudently managed gas supply portfolio and should be considered "gas costs". It noted that if Roanoke's pilot program was approved, the definition of purchased gas would have to be modified to include costs related to financial gas hedging contracts. It recommended the recovery of gas costs through the PGA so that the recovery of the costs associated with hedging would match the recovery of the costs of the associated gas supply.

In its Report, the Staff also analyzed the accounting proposed by the Company for its hedging pilot program. It concurred with Roanoke's proposal with one refinement. The Staff recommended that the Company recognize the gross receipts tax impact of cash receipts paid by the financial institution to the Company. It proposed that any gross receipts taxes related to hedging contracts be charged to purchased gas expense instead of gross receipts taxes, with the related credits being made to taxes payable.

Further, the Staff suggested that the Company's Board of Directors consider adoption of a risk management policy to define the Company's objectives in its risk management activities, including responsibilities, procedures and controls. It also recommended that Roanoke consider comparing terms through a competitive bid process, if the Company planned to expand or continue its financial hedging activities beyond those contemplated in the pilot program. It recommended revisions of Roanoke's PGA and ACA tariff provisions to accommodate the flow-through of hedging-related costs.

The Staff Report does not conclude whether the hedging program requires approval under Chapter 3 of Title 56 of the Code of Virginia. However, the report requested that Roanoke be directed to file a copy of any executed financial hedging contract with the Commission's Divisions of Energy Regulation and Economics and Finance.

On June 26, 1997, the Company filed a Motion requesting the Commission to hear this application based on the papers and pleadings already filed in the case. Roanoke alleged that an ore tenus hearing was unnecessary to enable the Commission to give full consideration to its application. It noted that the deadline for filing requests for hearing had expired, and that no protests or requests for hearing have been filed.

NOW THE COMMISSION, having considered the application, the Report of its Staff, the pleadings filed herein, and the applicable statutes, is of the opinion and finds that it is appropriate to consider this matter based on the pleadings and papers filed herein and that it is unnecessary to convene an ore tenus hearing. It further finds that the pilot proposed by Roanoke will result in information which may be in the furtherance of the public interest. Therefore, subject to the conditions set out herein, the pilot program proposed by Roanoke in its April 14, 1997 Application should be allowed to proceed for a period of one year, effective August 1, 1997.

As a condition of its pilot program, Roanoke should separately account for the costs and revenues associated with its hedging pilot in its PGA filings made with the Division of Energy Regulation and should immediately file revised pages to its PGA and ACA tariff to include the provisions of its pilot hedging program as a gas cost on an experimental basis for the term of the pilot program. The Company should account for its hedging transactions in the manner recommended by Staff.

Further, the Company should file all executed contracts necessary to implement its pilot program with the Commission's Divisions of Energy Regulation and Economics and Finance as soon as such contracts are signed. Roanoke is encouraged to cooperate with Staff and to provide such information relating to its pilot program as the Staff may request.

In addition, we find that the Company should file a comprehensive report with the Commission by no later than May 26, 1998, evaluating the pilot results and recommending any modifications to the scope or terms of the program or, if necessary, the termination of the same. At the conclusion of the pilot, by not later than September 30, 1998, the Company should file a request to terminate, modify, or continue the pilot, as appropriate. This September 30 pleading should identify any risk management procedures, controls, or policies Roanoke may have adopted internally to implement its pilot. If the Company seeks to make this program permanent, it should compare the terms offered by competing financial intermediaries through a competitive bid process and should provide the details of its competitive bid process in its September 30th filing.

Finally, the Commission finds it unnecessary to decide whether the Company's application requires approval under Chapter 3 of Title 56 of the Virginia Code. This application has been filed under Va. Code § 56-234. That statute provides that "no provision of law shall be deemed to preclude voluntary rate or rate design experiments . . .." Thus, a ruling on whether approval under Chapter 3 of Title 56 is unnecessary at this time. The issue will be addressed, however, if Roanoke requests permanent approval of the pilot.

Accordingly, IT IS ORDERED THAT:

(1) Roanoke is hereby authorized to engage in a pilot program to hedge gas costs consistent with the findings made herein, and under the terms specified in its application, effective August 1, 1997, for a period of one year thereafter.

(2) The Company shall forthwith revise the PGA and ACA portions of its tariffs to accommodate the flow-through of hedging-related costs for purposes of the pilot program, and shall, in its PGA filings made with the Division of Energy Regulation, separately identify the costs and revenues associated with this program.

(3) Roanoke shall account for the gas hedging transactions conducted as part of its pilot program in the manner described in the Staff's June 10, 1997 Report.

(4) On or before May 26, 1998, Roanoke shall file a detailed report with the Clerk of the Commission evaluating the results of the pilot, proposing any modifications thereto, or termination thereof, if appropriate.

(5) On or before September 30, 1998, Roanoke shall file with the Clerk of the Commission a pleading addressing the further disposition of the pilot authorized herein, together with detailed data supporting its request.

(6) This matter shall be continued pending further order of the Commission.

CASE NO. PUE970422
MAY 8, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To modify transmission line route approved in Case No. PUE960115 and shown on Certificate No. ET-860

ORDER APPROVING ROUTE MODIFICATION

Before the Commission is the application of Virginia Electric and Power Company ("Virginia Power") for authorization to modify the route of a 230 kV transmission line connecting its Chickahominy-Darbytown 230 kV transmission line to its White Oak Substation approved by the Commission in Case No. PUE960115. Virginia Power now seeks authorization to modify part of the route approved in that proceeding.

According to its application filed April 16, 1997, a precise location for the White Oak Substation has now been determined, and that site is approximately 1600 feet west of the general location identified in the application granted in Case No. PUE960115. As shown on maps attached to Virginia Power's filing, the location of the substation requires modification of the northern end of the previously approved route.

By Order for Notice dated April 21, 1997 the Commission ordered that interested persons, including the Protestants in Case No. PUE960115, be provided an opportunity to comment on the proposed route modification. Virginia Power was directed to give notice to those interested persons by service of a copy of that order upon them. That Order for Notice provided for any interested person to file comments with the Clerk of the Commission on or before May 1, 1997.

On April 25, 1997 Virginia Power filed proof of service as required by the April 21, 1997 Order for Notice. In response to the notice, one Protestant in Case No. PUE960115 filed comments stating that he did not oppose the modification.

The section of the transmission line route that Virginia Power proposes to modify is located on the property of the Henrico County Development Authority ("Authority") and the White Oak Semiconductor Partnership ("White Oak"). Letters from the Authority and from White Oak filed with Virginia Power's application support the proposed route modification. In addition, the application includes a supporting letter from the County of Henrico.

According to the application, the route modification will locate the transmission line further from sensitive environmental areas adjacent to White Oak Swamp. The Commission also notes that the modified routing will not increase impact on wetlands. The route modification also minimizes potential impact on future development of property owned by the Authority.

Therefore, for the foregoing reasons, the Commission will approve the proposed route modification.

Accordingly, IT IS ORDERED THAT:

(1) Virginia Power's application for authorization to modify the route approved in Case No. PUE960115 as described in its April 16, 1997 Amendment to Application is granted.

(2) In all other respects our Order Granting Application dated January 9, 1997, shall continue in effect.

(3) This matter is dismissed from the docket and the papers transferred to the file for ended causes.

CASE NO. PUE970424
AUGUST 14, 1997

APPLICATION OF
ROANOKE GAS COMPANY

For a new Supplemental Interruptible Sales Rate for Interruptible Transportation Customers

FINAL ORDER

On April 17, 1997, Roanoke Gas Company ("Roanoke" or "the Company") filed an application with the State Corporation Commission ("Commission") requesting approval of a new service offering, the Supplemental Interruptible Sales ("SIS") tariff. As explained in the Company's application and accompanying testimony, this new service will be available to any Roanoke interruptible transportation service customer to provide standby gas service when that interruptible transportation service customer's third party gas is interrupted or otherwise not available for short periods of time. The Company stated in its application that the gas costs associated with SIS service would not pass through the Company's automatic purchased gas adjustment ("PGA") and actual cost adjustment ("ACA") mechanisms but would be billed directly to the customer. The Company requested an effective date of October 1, 1997, for its new service offering.

On April 29, 1997, the Commission entered an Order which suspended the Company's proposed tariff provisions, directed Roanoke to give notice to the public of its proposed tariff revisions, invited interested persons to file comments or requests for hearing on the application on or before June 16, 1997, and directed the Staff to file a report herein.

No comments or requests for hearing were filed in this matter. On July 16, 1997, the Company, by counsel, filed its proof of notice and service as required by Paragraphs (5), (6) and (7) of the April 29, 1997 Order.

On August 1, 1997, the Staff filed its report in this matter. In its report, the Staff recommended that the Company delete a reference in the SIS tariff to a minimum monthly charge. The Staff concluded that Roanoke is capable of providing SIS service on an interruptible basis without impairing any of its other existing services to its other customers. Staff noted that the cost of gas included in the proposed rate schedule will be based on market prices and will not impact the PGA or ACA factors for existing sales and service customers. Staff further concluded that the new service should actually eliminate the potential for discrimination that presently exists when interruptible transportation service customers take Interruptible Sales Service for short periods of time. The Staff recommended that a modified SIS service tariff be approved and that the Company's Interruptible Sales Service tariff no longer be used to provide standby gas service to transportation customers.

In a letter filed on August 12, 1997, the Company, by counsel, advised the Staff that it agreed with the recommendations contained in the Staff report.

NOW, UPON consideration of the Company's application, the Staff report and the applicable statutes, the Commission is of the opinion and finds that the Company's SIS tariff, as modified as proposed by the Staff report, is reasonable and in the public interest; that the Company's application, as modified herein, should be approved; and that the Company's Interruptible Sales Service tariff should no longer be used to provide standby gas service to Roanoke's transportation customers.

Accordingly, IT IS ORDERED THAT:

(1) The Company's application, as modified herein, is approved.

(2) The Company shall forthwith file with the Division of Energy Regulation a revised SIS tariff, modified to incorporate the Staff's revisions, effective for service rendered on and after October 1, 1997.

(3) There being nothing further to be done herein, this matter shall be dismissed from the Commission's docket of active proceedings.

CASE NO. PUE970446
OCTOBER 22, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
MICHAEL H. DITTON,
Complainant,
v.
VIRGINIA-AMERICAN WATER COMPANY,
Defendant

DISMISSAL ORDER

On May 2, 1997, Michael H. Ditton ("Complainant") filed a formal complaint with the State Corporation Commission ("Commission") against Virginia-American Water Company ("Virginia-American" or "the Defendant"). The Commission's June 11, 1997 procedural order scheduled a hearing before a hearing examiner and established a procedural schedule.

On October 17, 1997, Complainant and Virginia-American filed a Joint Motion for Withdrawal. In their Motion, the parties represent they have reached an agreement resolving Complainant's "Petition for Rule to Show Cause and Other Relief". The parties requested that Complainant be permitted to withdraw his complaint and that the scheduled hearing not be convened.

On October 20, 1997, the Hearing Examiner issued a ruling recommending that the Commission grant the Joint Motion for Withdrawal and dispensing with the hearing scheduled for October 22, 1997. The Examiner also recommended that the Commission dismiss the petition from its docket of pending proceedings.

NOW UPON CONSIDERATION of the Complainant and Defendant's Joint Motion for Withdrawal and the Hearing Examiner's October 20, 1997 Ruling, the Commission is of the opinion and finds that the Joint Motion for Withdrawal should be granted, the Hearing Examiner's Ruling adopted, and this matter dismissed from the Commission's docket of pending proceedings.

Accordingly, IT IS ORDERED THAT:

(1) The October 17, 1997 Joint Motion for Withdrawal is granted.

(2) The Complainant is authorized to withdraw his complaint.

(3) This matter is hereby dismissed from the Commission's docket of pending proceedings.

CASE NO. PUE970447
JULY 1, 1997

APPLICATION OF
DELMARVA POWER & LIGHT COMPANY

For No Change in its Electric Fuel Rate

ORDER ESTABLISHING 1997-1998 FUEL RATE

On May 6, 1997, Delmarva Power & Light Company ("Delmarva" or "Company") filed its application, written testimony, and exhibits in support of its request to continue the current Fuel Rate of 2.013¢ per kilowatt hour, for bills rendered beginning with Billing Cycle 01 of the July 1997 billing month, without proration. Delmarva also requested the continuation of the interim ratemaking treatment, approved by the Commission in Case No. PUE960065, of net replacement power costs associated with outages at the Salem nuclear units.

As prescribed by prior Order, notice of the proceeding was issued to various public officials in the territory served by Delmarva. No public comments or notices of protest were filed in this matter.

On June 17, 1997, the Commission Staff filed testimony of its witnesses, Dr. Jarilaos Stavrou of the Division of Economics and Finance and Michael Martin of the Division of Energy Regulation. Staff concurred in the continuance of the current fuel rate and the current interim ratemaking treatment for the outage expense.

The matter came on for hearing on June 25, 1997. No public witnesses appeared. Proof of service of notice was received and all Company and Staff testimony was, by agreement, admitted into the record without cross-examination. Staff witness Stavrou's testimony indicated a need for further explanation of a change in the manner in which the Company forecasted short term natural gas and fuel-oil prices and the Company agreed, during the public hearing, to supply the additional information. It is directed to submit the information requested in Dr. Stavrou's testimony to Staff at least three months prior to its next fuel filing.

NOW THE COMMISSION, upon consideration of the record, is of the opinion and finds that the current fuel rate and interim ratemaking treatment for net replacement power costs for Delmarva should be continued. All parties are cautioned that acceptance of the fuel rate does not constitute approval of the Company's actual fuel expenses. Audits of actual fuel expenses are conducted annually and are reported in the Staff's Annual Report. Based on these findings, and the results of any hearing found necessary, the Commission will enter a "Final Audit Order" regarding said actual costs. Therefore upon acceptance of the fuel rate, this matter will be continued generally, pending the filing of Staff's audit of actual fuel expense. Accordingly,

IT IS ORDERED that:

(1) Delmarva's fuel rate of 2.013¢ per kilowatt hour is approved, for bills rendered beginning with Billing Cycle 01 of the July 1997 billing month, without proration;

(2) The interim ratemaking treatment approved by the Commission in Case No. PUE960065 is continued; and

(3) This matter is continued generally.

CASE NO. PUE970452
DECEMBER 9, 1997

APPLICATION OF
POTOMAC EDISON COMPANY

For filing its annual informational filing

FINAL ORDER

By order dated May 9, 1997, the Commission granted the Potomac Edison Company's ("Potomac Edison" or "the Company") request to file an abbreviated annual informational filing ("AIF"), allowing the Company to omit schedules 12, 14, and 17. On June 30, 1997, Potomac Edison submitted its abbreviated AIF, for the test-year ended March 31, 1997.

On October 1, 1997, Commission Staff filed its report on this matter. Staff stated that its review of various coverage ratios and return measures indicates that the Company's financial condition remains strong. Staff further stated that an earnings test, based on per book, Virginia jurisdictional earnings, shows the Company's return on average equity to be above the allowed range. Accordingly, Staff recommended that Potomac Edison write-off its $1 million unamortized balance of costs related to Hurricane Fran and accelerate the amortization of nearly $1.7 million of charges associated with corporate restructuring activities. Staff stated that after these write-offs, Potomac Edison's return on equity would be 11%, or at the bottom of its authorized return on equity range.

On October 30, 1997, the Company filed a response to Staff's Report. The Company agreed to Staff's recommendation in this case but objected to the concept of writing off jurisdictional regulatory assets so that earnings are at the bottom of the Company's authorized return or equity range.

NOW THE COMMISSION having considered the agreement between Potomac Edison and Staff is of the opinion and finds that the agreement should be approved. The agreement between the Company and Staff, however, is only binding in this case, and it should not be viewed as an

acceptance by the Company of the concept of setting the Company's return on equity at the bottom of its authorized range by accelerated amortization of regulatory assets. Accordingly,

IT IS ORDERED THAT:

(1) Potomac Edison write off the $1 million unamortized balance of Hurricane Fran costs and accelerate the amortization of nearly $1.7 million of restructuring charges.

(2) Potomac Edison file proof of compliance with paragraph (1) by February 14, 1998.

CASE NO. PUE970453
JULY 28, 1997

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

ORDER OF SETTLEMENT

Pursuant to Va. Code § 56-265.30, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, Va. Code §§ 56-265.14 et seq. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about April 3, 1996, the City of Colonial Heights, Virginia, damaged an unmarked five-eighths inch plastic gas service line operated by Commonwealth Gas Services, Inc. ("the Company") while excavating at or near 201 Ridge Road, Colonial Heights, Virginia;

(2) On or about May 3, 1996, Checkmate Communications, Inc. damaged an unmarked two inch plastic gas main line operated by the Company while excavating at or near 4320 Lilking Court, Chesterfield, Virginia;

(3) On or about May 23, 1996, Crowell Brothers Construction damaged an unmarked one-half inch plastic gas service line operated by the Company while excavating at or near 5076 Macnamara Drive, Spotsylvania, Virginia;

(4) On or about June 19, 1996, Stackhouse, Inc. damaged an unmarked two inch plastic gas main line operated by the Company while excavating at or near 4925 Boonsboro Road, Lynchburg, Virginia;

(5) On or about June 21, 1996, Counts and Dobyns damaged an unmarked one-half inch plastic gas service line operated by the Company while excavating at or near 708 Perrymont Avenue, Lynchburg, Virginia;

(6) On or about June 21, 1996, Gull, Inc. damaged an unmarked one-and-one-quarter inch plastic gas service line operated by the Company while excavating at or near 44 North 4th Street, Warrenton, Virginia;

(7) On or about July 2, 1996, the City of Lynchburg damaged an unmarked one inch plastic gas service line operated by the Company while excavating at or near 3115 Rivermont Avenue, Lynchburg, Virginia;

(8) On or about August 28, 1996, Swann Construction damaged an unmarked four inch plastic gas main line operated by the Company while excavating at or near 501 Baltimore Street, Staunton, Virginia;

(9) On or about September 25, 1996, English Construction damaged an unmarked one inch plastic gas main line operated by the Company while excavating at or near 143 College Street, Lynchburg, Virginia;

(10) On or about November 25, 1996, the City of Fredericksburg damaged an unmarked one inch plastic gas service line operated by the Company while excavating at or near 1400 Caroline Street, Fredericksburg, Virginia;

(11) On or about December 6, 1996, Triple S. Contractors damaged an unmarked one-half inch plastic gas service line operated by the Company while excavating at or near 1012 LaFayette Boulevard, Fredericksburg, Virginia; and

(12) The Company caused such damages by failing 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 Va. Code § 56-265.19.A.

As evidenced in the attached Admission and Consent, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(I) 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. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation; and

(2) Any fines paid in accordance with this order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in the Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by Va. Code Ann. § 12.1-15, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $5,750 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970454
JUNE 18, 1997

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

ORDER OF SETTLEMENT

Pursuant to Va. Code § 56-265.30, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, Va. Code §§ 56-265.14 et seq. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges:

(1) That on or about March 4, 1996, Counts & Dobyns, Inc. damaged an unmarked one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 1051 Rivermont Terrace, Lynchburg, Virginia;

(2) That on or about April 4, 1996, Raco, Inc. damaged an unmarked two inch plastic gas main line operated by Commonwealth Gas Services, Inc. while excavating at or near 4716 Lockview Court, Lynchburg, Virginia;

(3) That on or about May 20, 1996, Tidewater Underground Communications, Inc. damaged an unmarked one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 6305 Sandgate Drive, Suffolk, Virginia;

(4) That on or about July 10, 1996, Rockingham Construction damaged an unmarked one inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 12526 Sunrise Valley Drive, Herndon, Virginia;

(5) That on or about July 19, 1996, F. L. Showalter, Inc. damaged an unmarked one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 258 McWane Circle, Lynchburg, Virginia;

(6) That on or about August 19, 1996, John E. Hall Electrical Contractor damaged an unmarked one-and-one-quarter inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 5908 Portsmouth Boulevard, Portsmouth, Virginia;

(7) That on or about September 15, 1996, the City of Lynchburg damaged an unmarked two inch plastic gas main line operated by Commonwealth Gas Services, Inc. while excavating at or near 2828 Linkhorne Drive, Lynchburg, Virginia;

(8) That on or about November 1, 1996, M. E. I. damaged an unmarked one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 4517 Alabama Avenue, Lynchburg, Virginia;

(9) That on or about December 9, 1996, the City of Chesapeake damaged an unmarked two inch plastic gas main line operated by Commonwealth Gas Services, Inc. while excavating at or near 2400 Watermill Grove, Chesapeake, Virginia;

(10) That on or about December 10, 1996, Saunders Construction Company damaged an unmarked one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 903 Westview Drive, Lynchburg, Virginia;

(11) That on or about December 16, 1996, Checkmate Communications, Inc. damaged an unmarked two inch plastic gas main line operated by Commonwealth Gas Services, Inc. while excavating at or near Waterfowl Flyway, Chesterfield, Virginia;

(12) That on or about December 16, 1996, the City of Manassas damaged an unmarked two inch plastic gas main line operated by Commonwealth Gas Services, Inc. while excavating at or near 9037 Grant Avenue, Manassas, Virginia;

(13) That on or about December 18, 1996, Checkmate Communications, Inc. damaged an unmarked one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 6450 Glebe Point Road, Chesterfield, Virginia;

(14) That on or about January 8, 1997, Southern Construction damaged an unmarked one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. while excavating at or near 12248 Percival Street, Chester, Virginia;

(15) That NOCUTS, Inc. ("the Company"), acting on behalf of Commonwealth Gas Services, Inc., caused such damages by failing to mark the approximate horizontal location of these underground utility lines on the ground to within two feet of either side of the underground utility line, in violation of Va. Code § 56-265.19.A;

(16) That on or about January 6, 1997, McGuire Plumbing & Heating, Inc. damaged an unmarked one-half inch plastic gas service line operated by Roanoke Gas Company while excavating at or near 4808 Rutgers Street, N.W., Roanoke, Virginia;

(17) That on or about January 9, 1997, the City of Roanoke damaged an unmarked one-half inch plastic gas service line operated by Roanoke Gas Company while excavating at or near 4627 Delray Street, N.W., Roanoke, Virginia;

(18) That the Company, acting on behalf of Roanoke Gas Company, caused such damages by failing 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 Va. Code § 56-265.19.A;

(19) That on or about November 25, 1996, Copeland Excavating damaged an unmarked three-quarter inch plastic gas service line operated by United Cities Gas Company while excavating at or near Giles Road and Route 11, Dublin, Virginia;

(20) That on or about December 10, 1996, Price Development damaged an unmarked two inch plastic gas main line operated by United Cities Gas Company while excavating at or near Hampton Inn Boulevard, Blacksburg, Virginia;

(21) That the Company, acting on behalf of United Cities Gas Company, caused such damages by failing 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 Va. Code § 56-265.19.A;

(22) That on or about April 10, 1996, Virginia Utilities damaged an unmarked two inch plastic gas main line operated by Virginia Natural Gas, Inc. while excavating at or near Cheedeloop Road and Seaford Road, York County, Virginia;

(23) That on or about January 13, 1997, Vico Construction damaged an unmarked three-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 1772 Atlantic Avenue, Virginia Beach, Virginia;

(24) That on or about January 14, 1997, Sydnor Hydrodynamics damaged an unmarked one-half inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 102 Nelson Drive, York County, Virginia;

(25) That on or about February 4, 1997, Precon Construction damaged an unmarked two inch steel gas main line operated by Virginia Natural Gas, Inc. while excavating at or near 351 Bank Street, Norfolk, Virginia;

(26) That on or about February 13, 1997, Greenscape, Inc. damaged an unmarked three-quarter inch steel gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 458 Queens Creek Road, York County, Virginia;

(27) That on or about February 17, 1997, Virginia Electric and Power Company damaged an unmarked two inch plastic gas main line operated by Virginia Natural Gas, Inc. while excavating at or near 1055 Holland Road, Virginia Beach, Virginia;

(28) That on or about February 19, 1997, Precon Construction damaged an unmarked one-half inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 2452 Fentress Avenue, Virginia Beach, Virginia;

(29) That on or about February 24, 1997, LSM Utilities damaged a one-and-one-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 712 Little Neck Road, Virginia Beach, Virginia;

(30) That on or about February 24, 1997, JDI, Inc. damaged a two inch plastic gas main line operated by Virginia Natural Gas, Inc. while excavating at or near 3508 Cedar Grove Circle, Virginia Beach, Virginia;

(31) That on or about March 5, 1997, Sanitary Engineering damaged an unmarked three-quarter inch steel gas service line operated by Virginia Natural Gas, Inc. while excavating at or near 1252 West Queen Street, Hampton, Virginia; and

(32) That the Company, acting on behalf of Virginia Natural Gas, Inc., caused such damages by failing to mark the approximate horizontal location of these underground utility lines on the ground to within two feet of either side of the underground utility line, in violation of Va. Code § 56-265.19.A.

As evidenced in the attached Admission and Consent, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $19,900 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by Va. Code Ann. § 12.1-15, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $19,900 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970455
SEPTEMBER 30, 1997

APPLICATION OF
COMMONWEALTH GAS SERVICES, INC.

For general increase in natural gas rates and approval of performance-based rate regulation methodology pursuant to Va. Code § 56-235.6

ORDER APPROVING COMMONWEALTH CHOICE PROGRAM PHASE I

Before the Commission is the application of Commonwealth Gas Services, Inc. ("Commonwealth" or "the Company") for approval of the Commonwealth Choice Program, for a general increase in rates, and for approval of a performance-based rate regulation methodology. By our July 28, 1997 Order for Notice and Hearings ("July 28 Order"), we established procedures for considering the Commonwealth Choice Program. The Commonwealth Choice Program would offer residential and small business customers in Commonwealth's Gainesville service area the option of securing gas from participating marketers during a two-year experiment. Commonwealth would provide a transportation service to the marketers serving those Commonwealth customers opting to participate in the Commonwealth Choice Program.

As set out in the July 28 Order, the Commission concluded that the Commonwealth Choice Program is a voluntary rate experiment which may take effect after notice and hearing as required by Va. Code Ann. § 56-234. This provision of law also requires a finding that the experiment is necessary to acquire information which may be in furtherance of the public interest before it may take effect. In the same order, the Commission directed Commonwealth to publish and serve notice of the entire application, including notice of the Commonwealth Choice Program. The Commission scheduled a hearing for September 17, 1997, to receive testimony and comments on the Commonwealth Choice Program.

As proposed, the Commonwealth Choice Program included a Stranded Costs Recovery Charge for recovery of stranded costs resulting from the program. In the July 28 Order the Commission deferred consideration of this charge to the hearing on the general increase in rates, Phase I, scheduled for February 23, 1998. While other aspects of the Commonwealth Choice Program will take effect as provided in this order, the Stranded Costs Recovery Charge will not.

The Commission held a hearing on the Commonwealth Choice Program on September 17, 1997, and continued the hearing on September 18. Commonwealth filed a proof of publication and service of notice of its application at the hearing on the Commonwealth Choice Program as required by the July 28 Order. The Commission finds that proper notice was given. Participants in the hearing included Commonwealth, the Commission Staff, the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"), Protestant Enron Capital & Trade Resources Corp. ("Enron"), and Protestant Columbia Energy Services Corporation ("Columbia Energy"). Roanoke Gas Company filed comments but did not otherwise participate in the proceedings.

A substantial record addressing a number of issues was developed. Commonwealth and the other participants in the hearing agreed that various provisions of the Commonwealth Choice Program should be grouped into one consolidated service offered by tariff. The hearing participants also advised the Commission that they were actively seeking agreement on disputed issues. At the close of the hearing, the Commission encouraged the participants in the proceeding to continue their efforts to reach agreement and to offer proposals to the Commission by September 23, 1997. In response, Commonwealth, Protestants Enron and Columbia Energy, and the Commission Staff filed further comments. The Commission will treat these comments along with the testimony and exhibits presented September 17 and September 18 as the record.

Upon consideration of the record, the Commission will approve the experimental Commonwealth Choice Program as a tariffed service offered to marketers of gas. The experiment may provide information on new approaches to gas distribution, which may guide the Commission in future proceedings, and it is in the public interest for the experiment to commence. The Commission will prescribe various provisions of this tariff addressing the relationship between Commonwealth and the marketers, and the relationship between Commonwealth, the marketers and customers.

Columbia Energy's anticipated participation in the Commonwealth Choice Program as a marketer raises several issues. Commonwealth and Columbia Energy are affiliated interests as defined in Va. Code Ann. § 56-76, and Columbia Energy's participation is subject to Commission approval as provided by Va. Code Ann. §§ 56-76 through 56-87. As the Consumer Counsel, Staff, and Protestant Enron have stated, the participation of the affiliated interest raises concerns about preferred treatment and equal competition. Through the tariff provisions we prescribe in this order, the Commission addresses these concerns by requiring terms and conditions which require Commonwealth to deal fairly with all marketers. Further, by a companion order entered today in Case No. PUA970027, Application of Commonwealth Gas Services, Inc. and Columbia Energy Services Corporation, the Commission will approve Columbia Energy's participation in the Commonwealth Choice Program under the conditions specified in our order in that docket and as described herein.

Commonwealth shall create an aggregation service rate schedule that includes the aggregation service provisions originally proposed by the Company in the General Terms and Conditions. Appropriate provisions of the aggregation service agreement should also be included in the rate schedule. Columbia Energy, as will all marketers, will then receive aggregation service from Commonwealth under the Company's tariffed rates. In addition, the aggregation service agreement should be included in the Form of Service Agreements section of the tariff.

As the participants have also addressed in the record, there is concern about Commonwealth both providing the various services to the marketer while competing with the marketers to provide gas to customers. As in the case of participation by an affiliated interest, the Commission expects the various tariff provisions prescribed in this order to balance the interests of Commonwealth, the marketers, and customers.

The tariff provisions we prescribe are not the only limitation placed on Commonwealth. Although the marketplace for gas service is changing, as the Commonwealth Choice Program evidences, Commonwealth remains a Virginia public service corporation subject to the broad powers conferred on the Commission by the Constitution and the Code of Virginia, including Va. Code Ann. § 56-35. While individuals in the service area covered by the trial may opt to use a marketer for the supply of gas, these participants remain customers of Commonwealth, and the Commission will take all appropriate action to protect the interest of these customers with regard to both Commonwealth and to participating marketers.

We have considered the issues concerning the operation of the program that were raised in the various pleadings and at the hearing, and we have reached a number of conclusions. As noted, we initially find that the Commonwealth Choice Program, as modified herein, should be approved. It is in the public interest for Commonwealth to utilize the pilot program to gather data to enable the Company and the Commission to determine whether the program is feasible and should be implemented on a permanent basis. The Commission does not adopt Enron's request that the scope of the program be extended to include Commonwealth's entire service area.

The Staff has recommended the following modifications to the program to which the parties have agreed, and we hereby approve: (1) There shall be open-enrollment for customers choosing to participate in the program rather than the limited sign-up period originally proposed; (2) The aggregation service agreement shall be included in the Form of Service Agreements section of Commonwealth's tariff; (3) Any amounts collected by Commonwealth from marketers for their failure to deliver required gas volumes shall be credited to gas costs through the purchased gas adjustment ("PGA") mechanism; (4) The Company shall perform a balancing study using daily load sampling in conjunction with the pilot program to gather information about customer gas consumption in comparison with load profiles used by marketers (the study should be statistically valid for each marketer, and the Company and Staff should agree upon the actual scope and required sample of the study to be performed); (5) The tariff shall provide that participating marketers shall respond to data requests from the Staff; and (6) A task force will be established to develop a generic affiliates code of conduct for retail gas unbundling programs in Virginia.

Under the proposed tariff, marketers are given the option of accepting capacity assignment. The Consumer Counsel urged that assignment of capacity be required of marketers to minimize stranded costs. We will not require marketers to accept capacity assignment. It will be beneficial to the Commission, the Company, and other local distribution companies in Virginia to see the results of an experiment where marketers are given the option of accepting an assignment of capacity.

The parties presented a number of issues related to customer billing. First, Enron objected to Commonwealth's proposed $5.00 switching fee for marketers, and a $0.10 per bill charge to marketers for Commonwealth billing on their behalf. We find that the charges are appropriate for this experimental program, and they are therefore allowed to take effect.

Enron also objected to a marketer's inability under Commonwealth's proposed tariff to "single-bill" its customers. It proposes to send its customers a single bill for both gas commodity and transportation service, and to then remit the utility portion back to Commonwealth. We will not approve single-billing by marketers at this time. Customers shall be given the option of either having Commonwealth issue the total bill, or having the marketer issue one bill for the gas commodity and Commonwealth issuing a second bill for the non-gas cost portion.

We also address the billing issue that could arise when a customer, who has a delinquent account with Commonwealth, pays the Company under single billing with instructions for a specific allocation of payment between Commonwealth and the marketer. In crediting payments between itself and the marketer, Commonwealth shall follow the customer instructions. Such a provision is currently in Section 7.1(b) of the General Terms and Conditions of the Company's tariff, however it does not apply to the rate schedules under Commonwealth Choice. (Ex. REH-5.) We direct Commonwealth to extend this provision to rate schedules RTS and SGTS. In addition, we will require that a customer may not switch from Commonwealth to a marketer for commodity service until the customer has first satisfied any delinquent accounts with Commonwealth.

Commonwealth's proposed tariff includes a "Code of Conduct" governing marketer's relationship with their customers, and a "Dispute Resolution" provision setting forth the obligations of marketers and the Company in handling customer complaints. The Staff, Enron, and the Consumer Counsel also proposed that there be standards of conduct to govern Commonwealth's activities with its affiliate, Columbia Energy, and the other marketers. In addition, the Staff recommended that we establish a Complaint Resolution Advisory Committee to operate during the Program which would consist of representative of the Company, marketers, Consumer Counsel, and Staff.

Under the proposed Code of Conduct, Commonwealth may suspend or terminate a marketer's participation in the Program for its failure to either deliver gas in accordance with the requirements of the Program, or to otherwise comply with the terms of the Code. Before such suspension or termination, we will require the Company to first provide fifteen days notice to the marketer and to the Commission of such intended action. Similarly, the Dispute Resolution provisions of the tariff shall provide that the Commission may direct the Company to suspend or terminate a marketer's participation, or apply other appropriate sanctions, for failure to respond satisfactorily to customer inquiries, cooperate with the Company and the Commission in resolving customer disputes, or for other abusive practices by the marketer.

Because we are not convinced the Staff's proposed advisory committee is necessary in view of existing complaint resolution procedures, we will not adopt that recommendation. We will however, require that the tariff shall provide that all customer complaints received by both marketers and the Company be made available to the Staff upon request, in such form and with such frequency as Staff may require.

The proposed Standards of Conduct have created a number of issues. The version of the Standards filed by the Company on September 23 reflects the language on which the participants have agreed as well as the proposed changes advanced by each hearing participant. We will address certain disputed provisions in the order as it appears in the submitted document.

Commonwealth and Columbia Energy would delete the word "Affiliate" from the preamble. Since the Standards are to apply to all marketers, the term is unnecessary and it shall be deleted. Also in the preamble, Enron would include the phrase "for Internal Merchant Operations" on the grounds

that such operations of Commonwealth should be subject to the same standards as if it were a marketing affiliate. We will not order this change. We will however require the deletion of the phrase "of such marketer," which qualifies "customer," in provision 2 of the Standards.

Under provision 5, the Company is directed to maintain and make available to the Commission Staff a log describing requests from and the provision of certain information to marketers. This requirement is in furtherance of the regulatory oversight vested in the Commission, and no showing has been made that any other person requires access to such information.

Enron and the Consumer Counsel each urge us to add language to provision 7 which deals with the directive that employees of the Company and Columbia Energy operate independently. We decline to insert these additional restrictions into the Standards of Conduct. Nor will we address the additional recommendations for changes to the Standards of Conduct. However, we reiterate that our Constitutional and statutory authority enables us to correct any abuses by Commonwealth in its activities under the Commonwealth Choice Program. Further, after proper notice, we may revoke the authority of its affiliate, Columbia Energy, to participate in the pilot program should circumstances warrant.

The Standards of Conduct shall be modified as described herein and incorporated into the Company's tariff.

As previously discussed, the Commonwealth Choice Program will be implemented through tariff provisions. In the July 28 Order, the Commission suspended Commonwealth's proposed tariff provisions, including those provisions for the Commonwealth Choice Program, through October 17, 1997. We will authorize these provisions implementing the Commonwealth Choice Program to take effect on October 1 (with the exception of tariff provisions implementing the Stranded Costs Recovery Charge), and we will order Commonwealth to file promptly revised tariff provisions containing the various terms and conditions prescribed in this order.

As noted, the Commission has deferred consideration of the Stranded Costs Recovery Charge. In the July 28 Order, however, we found that Commonwealth could track stranded costs associated with the Commonwealth Choice Program if the experiment were approved. We will therefore direct Commonwealth to file with the Director of Public Utility Accounting a semiannual statement of its stranded costs incurred during the program. Accordingly,

IT IS ORDERED THAT:

(1) Commonwealth's application to offer the Commonwealth Choice Program is granted subject to the conditions imposed herein.

(2) On October 1, 1997, Commonwealth shall file with the Clerk of the Commission and with the Division of Energy Regulation revised tariff provisions incorporating the terms, conditions, and provisions established herein. At the bottom of each tariff page, the date filed, and the effective date of October 1, 1997, shall appear. The expiration date of October 1, 1999, for all provisions implementing the Commonwealth Choice Program shall also be shown on each tariff page.

(3) Commonwealth be authorized to withdraw those tariff sheets filed in Schedule 32 of its application and suspended through October 17, 1997, which contain provisions of the Commonwealth Choice Program by filing on October 1, 1997, with the Clerk of the Commission and the Division of Energy Regulation copies of those tariff sheets clearly noting their withdrawal pursuant to this Order. On October 1, 1997, Commonwealth is authorized to refile necessary replacement tariff sheets containing other provisions not related to the Commonwealth Choice Program and suspended through October 17, 1997.

(4) Commonwealth shall file its estimates and calculations of stranded costs associated with the Commonwealth Choice Program with the Director of Public Utility Accounting on a semiannual basis.

(5) The Office of General Counsel and the Division of Energy Regulation organize a task force composed of representatives of local gas distribution companies, potential marketers, the Office of the Attorney General's Division of Consumer Counsel, Staff, and other interested persons to develop a proposed generic code of conduct for retail gas unbundling programs. The task force shall file a report with the Commission by November 1, 1998.

CASE NO. PUE970456
SEPTEMBER 3, 1997

APPLICATION OF
DELMARVA POWER & LIGHT COMPANY

For exemption from Commission rules governing electricity capacity bidding programs

FINAL ORDER

On May 9, 1997, Delmarva Power & Light Company ("Delmarva" or the "Company") filed an application seeking an exemption of certain capacity bidding requirements set forth in Appendix A of the Commission's Order of November 28, 1990, in Case No. PUE900029, (the "Bidding Rules").

In support of its application, Delmarva stated that in March of 1996, Delmarva informed members of the Commission Staff of the Company's intention to procure up to 200 megawatts of short-term capacity beginning June, 1997 and that on May 16, 1996, Delmarva provided a copy of its draft Request For Proposals ("RFP") to Commission Staff as well as to the Maryland and Delaware Public Service Commissions Staffs. Delmarva also stated that as required by the Bidding Rules, the RFP was issued consistent with, and as an integral part of, the Company's long-term resource plan which demonstrated a short-term need for capacity. Delmarva further stated that consistent with the Bidding Rules, the RFP identified the size, type, and timing of capacity, minimum threshold for bidders, explicit instructions for preparing bids, and the major factors to be used in evaluating bids.

Delmarva stated, however, that the RFP may be found to be inconsistent with the Bidding Rules in three respects. First, the RFP did not include a boiler-plate power purchase agreement but, instead, identified the provisions that the Company expected to be in the final negotiated contract. Second, Delmarva states that because the capacity is sought for no more than three years, Delmarva did not establish a preferred location for additional capacity. Third, Delmarva states that, for the same reason, Delmarva did not prepare cost estimates for a "build" option.

Delmarva stated that to the extent the forgoing is considered to be inconsistent with the Commission's Bidding Rules, the Company requests an exemption. The Company noted that exemptions were contemplated by the Commission and, as set forth in the Bidding Rules, ". . .the Commission will consider the size of the utility's operations in Virginia and the requirements of other regulatory bodies having jurisdiction over the utility [in making its decision regarding exemptions]."

Delmarva further noted that the Company's Virginia operations comprise only about three percent of its total annual electric revenues; that the recovery of costs associated with the capacity and energy purchased will be subject to review of this Commission, the Delaware and Maryland Public Service Commissions and the Federal Energy Regulatory Commission; and that the Company's RFP was in compliance with the capacity bidding requirements of the Maryland Public Service Commission.

NOW THE COMMISSION, having considered the application and the advice of its Staff and the applicable rules and statutes, is of the opinion and finds that Delmarva's request for exemptions from the three requirements of the Bidding Rules addressed in its application should be granted. These one time exemptions are granted in large part because of the relatively short term, no greater than three years, of the capacity contract and the fact that Delmarva represents that the solicitation is in compliance with Maryland's bidding requirements. The Commission, however, is not by this Order endorsing the concept of multiple successive short-term contracts to avoid our Bidding Rules. Accordingly,

IT IS ORDERED THAT:

(1) The application for exemptions from the requirements of the Bidding Rules is granted; and

(2) There being nothing further to come before the Commission, this matter is dismissed from the Commission's docket of active cases.

CASE NO. PUE970482
JULY 24, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
BYERS ENGINEERING COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to Va. Code § 56-265.30, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, Va. Code §§ 56-265.14 et seq. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges:

(1) That on or about March 23, 1996, John Driggs Company, Inc. damaged a four inch plastic gas main line operated by Washington Gas Company located at 460308 Cranston Street, Sterling, Virginia, while excavating;

(2) That on or about April 20, 1996, William A. Hazel, Inc. damaged a four inch plastic gas main line operated by Washington Gas Company located at the end of Country Mill Drive, Gainesville, Virginia, while excavating;

(3) That on or about July 5, 1996, Leo Construction Company damaged a three-quarter inch plastic gas service line operated by Washington Gas Company located at Lot 13, Gatehouse Way, Broadlands, Virginia, while excavating;

(4) That on or about August 29, 1996, Woodlawn Construction damaged a four inch plastic gas main line operated by Washington Gas Company located at 3307 West Ox Road, Fairfax, Virginia, while excavating;

(5) That on or about November 5, 1996, Southern Cable damaged a two inch plastic gas main line operated by Washington Gas Company located at 5816 Merton Court, Alexandria, Virginia, while excavating;

(6) That on or about November 6, 1996, Virginia Electric and Power Company damaged a three-quarter inch plastic gas service line operated by Washington Gas Company located at Lot 33, Brachknell Drive, Woodbridge, Virginia, while excavating;

(7) That on or about January 8, 1997, William Foley Plumbing damaged a three-quarter inch plastic gas service line operated by Washington Gas Company located at 43178 Maple Cross Street, Lot 108, South Riding, Virginia, while excavating;

(8) That on or about January 29, 1997, Atlas Plumbing damaged a one inch plastic gas service line operated by Washington Gas Company located at 12904 Wheatland Road, Fairfax, Virginia, while excavating;

(9) That on or about February 17, 1997, Leo Construction Company damaged a three-quarter inch plastic gas service line operated by Washington Gas Company located at 406 North Street, Leesburg, Virginia, while excavating;

(10) That on or about February 26, 1997, Leo Construction Company damaged a two inch plastic gas service line operated by Washington Gas Company located at 12601 Fair Lakes Circle, Fair Lakes, Virginia, while excavating;

(11) That on or about March 4, 1997, William B. Hopke Company, Inc. damaged a one-half inch plastic gas service line operated by Washington Gas Company located at 750 Battery Place, Alexandria, Virginia, while excavating;

(12) That on or about March 7, 1997, Leo Construction Company damaged a three-quarter inch plastic gas service line operated by Washington Gas Company located at Lot 53, Foal Court, Dale City, Virginia, while excavating;

(13) That on or about March 11, 1997, L & S Lee, Inc. damaged a one-half inch plastic gas service line operated by Washington Gas Company located at 6508 Lakeview Drive, Fairfax, Virginia, while excavating;

(14) That on or about March 13, 1997, the City of Falls Church, Virginia, damaged a two inch plastic gas main line operated by Washington Gas Company located at 2300 Arden Street, Falls Church, Virginia, while excavating;

(15) That on or about March 18, 1997, Leo Construction Company damaged a three-quarter inch plastic gas service line operated by Washington Gas Company located at 21895 Hyde Park Drive, Lot 38, Ashburn, Virginia, while excavating;

(16) That on or about March 24, 1997, Peed Plumbing, Inc. damaged a one-half inch plastic gas service line operated by Washington Gas Company located at 13723 Andorra Drive, Dale City, Virginia, while excavating; and

(17) That the Company, acting on behalf of Washington Gas Company caused such damages by failing to mark the approximate horizontal location of underground utility lines to within two feet of either side, in violation of Va. Code § 56-265.19.A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $12,150 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by Va. Code Ann. § 12.1-15, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $12,150 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970483
JULY 9, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to Va. Code § 56-265.30, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, Va. Code §§ 56-265.14 et seq. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges:

(1) That on or about March 5, 1996, Olney Masonry Corporation damaged a three-quarter inch steel gas service line operated by Washington Gas Light Company ("the Company") located at 1909 North Edison Street, Arlington, Virginia, while excavating;

(2) That on or about June 24, 1996, William A. Hazel, Inc. damaged a four inch plastic gas main line operated by the Company located at Building Q2, 46220 Potomac Run Plaza, Sterling, Virginia, while excavating;

(3) That on or about August 5, 1996, William A. Hazel, Inc. damaged eight inch plastic gas main line operated by the Company located at Hay Road and Clairborne Parkway, Ashburn, Virginia, while excavating;

(4) That on or about October 26, 1996, Southern Cable Company damaged a two inch plastic gas main line operated by the Company located at 5806 Merton Court, Alexandria, Virginia, while excavating;

(5) That on or about October 28, 1996, Southern Cable Company damaged a two inch plastic gas main line operated by the Company located at 5802 Merton Court, Alexandria, Virginia, while excavating;

(6) That on or about November 5, 1996, Southern Cable Company damaged a two inch plastic gas main line operated by the Company located at 5808 Merton Court, Alexandria, Virginia, while excavating;

(7) That on or about November 6, 1996, Southern Cable Company damaged a two inch plastic gas main line operated by the Company located at 5814 Merton Court, Alexandria, Virginia, while excavating;

(8) That on or about November 20, 1996, Leo Construction Company damaged one-quarter inch plastic gas service line operated by the Company located at 2422 Newton Street, Vienna, Virginia, while excavating;

(9) That on or about December 21, 1996, Capco Construction Corporation damaged a one-quarter inch plastic gas service line operated by the Company located at 3604 Forestdale Avenue, Dale City, Virginia, while excavating;

(10) That on or about January 6, 1997, Capco Construction Corporation damaged a one-quarter inch plastic gas service line operated by the Company located at 3626 Forestdale Avenue, Dale City, Virginia, while excavating;

(11) That on or about January 17, 1997, Ivy H. Smith damaged a two inch plastic gas service line operated by the Company located at 6365 Multiplex Drive, Centreville, Virginia, while excavating;

(12) That on or about January 21, 1997, Virginia Electric and Power Company damaged a one-quarter inch plastic gas service light operated by the Company located at 1741 Lockerbie Lane, Vienna, Virginia, while excavating;

(13) That on or about January 28, 1997, Leo Construction Company damaged a four inch plastic gas main line operated by the Company located at Elklick Road and Eustis Street, South Riding, Virginia, while excavating;

(14) That on or about January 29, 1997, Capital Paving of D.C., Inc. damaged a one-half inch plastic gas service line operated by the Company located at 2730 North 24th Street, Arlington, Virginia, while excavating;

(15) That on or about January 30, 1997, Atlas Plumbing damaged a one inch plastic gas service line operated by the Company located at 12907 Lee Side Court, Chantilly, Virginia, while excavating;

(16) That on or about February 3, 1997, S & N Communications damaged a one-quarter inch plastic gas service light operated by the Company located at 4509 Hanover Court, Dale City, Virginia, while excavating;

(17) That on or about February 20, 1997, Martin & Gass, Inc. damaged a one-and-one-half inch steel gas service line operated by the Company located at 23 North Spring Street, Alexandria, Virginia, while excavating;

(18) That on or about February 22, 1997, B & T Contracting, Inc. damaged a one-and-one-half inch steel gas service line operated by the Company located at 409 South Henry Street, Alexandria, Virginia, while excavating;

(19) That on or about February 26, 1997, B & T Contracting, Inc. damaged a two inch steel gas service line operated by the Company located at 409 South Henry Street, Alexandria, Virginia, while excavating;

(20) That on or about March 13, 1997, Arlington County Public Works damaged a one-half inch plastic gas service line operated by the Company located at 2008 South Quincy Street, Arlington, Virginia, while excavating;

(21) That on or about March 20, 1997, Martin & Gass, Inc. damaged a one-and-one-quarter inch copper gas service line operated by the Company located at 906 Russell Road, Alexandria, Virginia, while excavating; and

(22) That the Company caused such damages by failing to mark the approximate horizontal location of underground utility lines to within two feet of either side of the underground utility lines within forty-eight hours, in violation of Va. Code § 56-265.19.A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of $10,200 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

(2) Any fines paid in accordance with this order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by Va. Code Ann. § 12.1-15, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $10,200 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970502
MAY 28, 1997

APPLICATION OF
VIRGINIA NATURAL GAS, INC.

For a temporary waiver of portions of Section XX of its tariff relating to Quarterly Billing Factors

ORDER GRANTING REQUEST TO COLLECT UNRECOVERED GAS COSTS OVER TWELVE MONTH PERIOD

On May 22, 1997, Virginia Natural Gas, Inc. ("VNG" or "the Company") filed an application with the State Corporation Commission ("Commission") requesting leave to collect unrecovered gas costs accumulated in its Actual Cost Adjustment ("ACA") remainder account of its purchased gas adjustment clause over twelve months instead of the three month period specified in Section XX.C.2 of the Company's Terms and Conditions of Service. The Company alleges that the effect of its request will be to reduce the impact of unusually high unrecovered gas costs on customers by spreading recovery of these costs over four calendar quarters instead of one calendar quarter.

As explained in its application, Section XX of VNG's Terms and Conditions of Service provides for a Quarterly Billing Factor ("QBF") based on gas costs projected for the calendar quarter during which the QBF will be applicable to customers' bills. Part of the QBF is the ACA which provides for recovery of variances between projected gas costs and actual gas costs during prior periods.

The ACA remainder account captures under- and over-recoveries of gas costs resulting from variances between projected and actual gas sales volumes. Under Section XX.C.2, the ACA remainder account balance is recovered from customers by computing a billing factor based on projected sales for the next calendar quarter. The Company represents that the ACA remainder account billing factor for the July-September calendar quarter calculated in accordance with Section XX.C.2 would increase to $0.02887, based on projected sales of 17,673,920 ccf. According to VNG, the July-September calendar quarter is usually a low gas sales period, so the ACA billing factor for that period would be higher since the ACA remainder balance would be spread over relatively few sales units. The Company represents that if it were to use the twelve month recovery period July 1997 - June 1998 requested herein, the same ACA remainder balance would be spread over the much greater projected twelve month sales of 243,433,290 ccf and would result in a billing factor of only $0.00210 per ccf, a reduction of $0.02677 in the billing rate.

The Company maintains that its proposal is in the public interest because it will avoid a substantial increase in the QBF. It has requested expedited approval of its application so that it can print a message describing the foregoing on its bills for the June 1997 billing cycles. It maintains that since its proposal will effect no increase in charges to its customers, no publication or service of notice is required under Va. Code § 56-40 prior to Commission action.

NOW, UPON consideration of VNG's request, the Commission is of the opinion and finds that this matter should be docketed; that VNG's request should be granted; that VNG may recover its current ACA remainder account during the twelve month period July 1997 - June 30, 1998, instead of during the calendar quarter July - September 1997; and that this matter should be dismissed.

Accordingly, IT IS ORDERED THAT:

(1) This matter is hereby docketed and assigned Case No. PUE970502.

(2) In accordance with the representations made in its application, VNG may recover its current ACA remainder account during the twelve month period July 1997 - June 30, 1998, instead of during the calendar quarter July - September 1997.

(3) There being nothing further to be done herein, this matter shall be dismissed from the Commission's docket of active proceedings.

CASE NO. PUE970503
JUNE 18, 1997

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

ORDER OF SETTLEMENT

Pursuant to Va. Code § 56-265.30, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, Va. Code §§ 56-265.14 et seq. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges:

(1) That on or about March 27, 1996, Lucas Underground Utilities damaged a one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 1204 Alcender Road, Portsmouth, Virginia, while excavating;

(2) That on or about April 18, 1996, Westview Builders damaged a two inch plastic gas main line operated by Commonwealth Gas Services, Inc. located at Caterbury Drive, Portsmouth, Virginia, while excavating;

(3) That on or about May 13, 1996, Glover Construction damaged a one-half inch service line operated by Commonwealth Gas Services, Inc. located at 1757 Cedar Road, Chesapeake, Virginia, while excavating;

(4) That on or about May 13, 1996, VCU Archaeological Research Center damaged a five-eighth inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 50 River Street, Petersburg, Virginia, while excavating;

(5) That on or about July 26, 1996, the City of Portsmouth Utilities damaged a one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 2327 Turnpike Road, Portsmouth, Virginia, while excavating;

(6) That on or about October 29, 1996, the City of Fredericksburg damaged a one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 109 Courtland Drive, Fredericksburg, Virginia, while excavating;

(7) That on or about December 3, 1996, Stamie E. Lyttle Company damaged a five-eighth inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 1611 Oakengate Lane, Chesterfield, Virginia, while excavating;

(8) That on or about December 12, 1996, Kenny Robinson damaged a one-half inch plastic gas main line operated by Commonwealth Gas Services, Inc. located at 2721 Twin Cedar Trail, Chesapeake, Virginia, while excavating;

(9) That on or about December 20, 1996, Checkmate Communications, Inc. damaged a one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 6520 Glebepoint Road, Chesterfield, Virginia, while excavating;

(10) That on or about January 7, 1997, Checkmate Communications, Inc. damaged a one-half inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 6301 Gatesgreen Drive, Chesterfield, Virginia, while excavating;

(11) That on or about January 22, 1997, Virginia Electric and Power Company damaged a one inch plastic gas service line operated by Commonwealth Gas Services, Inc. located at 412 Amherst Street, Staunton, Virginia, while excavating;

(12) That the Company acting on behalf of Commonwealth Gas Services, Inc. caused such damages by failing to mark the approximate horizontal location of underground utility lines, in violation of Va. Code § 56-265.19.A;

(13) That on or about October 17, 1996, Bowling Plumbing damaged a one-half inch plastic gas service line operated by Roanoke Gas Company located at 5728 Spring Meadow Drive, S. W., Roanoke, Virginia, while excavating;

(14) That the Company acting on behalf of Roanoke Gas Company caused such damage by failing to mark the approximate horizontal location of this underground utility line, in violation of Va. Code § 56-265.19.A;

(15) That on or about September 10, 1996, Virginia Tech Electric Service damaged a three-quarter inch plastic gas service line operated by United Cities Gas Company located at 1309 South Main Street, Blacksburg, Virginia, while excavating;

(16) That on or about October 1, 1996, C. L. Draughn Ditching Construction, Inc. damaged a two inch plastic gas main line operated by United Cities Gas Company located at 106 Faystone Drive, Blacksburg, Virginia, while excavating;

(17) That the Company acting on behalf of United Cities Gas Company caused such damages by failing to mark the approximate horizontal location of underground utility lines, in violation of Va. Code § 56-265.19.A;

(18) That on or about January 6, 1997, Tele-Communications Corporation damaged a three-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc. located at 1032 Volvo Parkway, Chesapeake, Virginia, while excavating; and

(19) That the Company acting on behalf of Virginia Natural Gas, Inc. caused such damage by failing to mark the approximate horizontal location of underground utility lines, in violation of Va. Code § 56-265.19.A.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $13,200 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by Va. Code Ann. § 12.1-15, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $13,200 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970504
DECEMBER 17, 1997

APPLICATION OF
VIRGINIA GAS DISTRIBUTION COMPANY

For an Annual Informational Filing

ORDER ADOPTING RECOMMENDATIONS AND DISMISSING PROCEEDING

On May 29, 1997, Virginia Gas Distribution Company ("VGDC" or "the Company") filed its Annual Informational Filing ("AIF") for the twelve months ending December 31, 1995, and December 31, 1996. The Commission's March 5, 1997 Order in Case No. PUE960094 directed the Company to file an AIF for the calendar years 1995 and 1996.

On November 14, 1997, the Staff filed its report in the captioned matter which included a financial and accounting analysis. Staff noted in its report that it had used an 11.5% cost of equity in VGDC's capital structure for illustrative purposes. It explained that the Company and Staff agreed to use 11.5% for purposes of filing VGDC's 1994 AIF because it reflected a rate that the Commission had recently approved for another gas distribution company. The VGDC consolidated capital structure, together with an 11.5% cost of equity, produced an overall cost of capital of 9.732%.

In its accounting analysis, the Staff noted that it had to revise Schedules 11, 12, and 13 and to correct certain of the Company's ratemaking adjustments. Staff calculated the amount of preferred dividends that should be allocated to VGDC from Virginia Gas Company's ("VGC's"), VGDC's parent's, preferred stock. This calculation was performed by using the total rate base, from Schedule 12, column 3 and multiplying that amount by VGC's weighted cost of preferred stock taken from the capital structure. Staff recommended that the Company make this adjustment in future AIFs. Staff also recommended that the Company include adjustments for unbilled revenues, weather normalization and customer growth as described at page 11 of the Staff report, in future AIFs and rate cases.

In its report, Staff also made two corrections to the Company's adjustments removing capitalized interest from rate base. Staff split capitalized interest between that booked to construction work in progress ("CWIP") and to plant in service, and removed the cumulative amount of capitalized interest and associated accumulated depreciation. In contrast to the Staff, the Company's adjustment only removed the current year's portion of interest.

Staff noted that the capitalization of interest for financial reporting purposes is in accordance with Generally Accepted Accounting Principles and recommended that the Company be ordered to write off all capitalized interest, related accumulated depreciation, and associated accumulated deferred income taxes currently on its balance sheet.

Staff also recommended that income taxes on non-operating income be recorded below the line, that interest expense billed to affiliated companies be recorded as a credit to interest expense and that the administrative fees from affiliated companies relating to affiliated company financings be credited back to the expense account originally charged. Staff also proposed that the Company allocate a portion of its mains, benefiting both jurisdictional and non-jurisdictional customers, to non-jurisdictional customers on the allocation of service lines and facilities. Further, Staff recommended that the Company's amortization of debt issuance costs be booked to FERC Account 428.

Finally, the Staff noted that although VGDC's test year revenues did not exceed $1,000,000, the Commission's Order dated March 5, 1997, in Case No. PUE960094, directed the Company to continue to file AIFs. It recommended that until a rate case was filed establishing a different test period and subsequent filing date for AIFs, the Company file its future AIFs using a calendar year test period with a May 30 filing date for VGDC's future AIFs.

In a letter dated December 3, 1997, VGDC accepted the Staff's proposed accounting recommendations, opposing only Staff's recommendations relating to capitalization of interest costs. VGDC requested that the Commission consider the treatment of its capitalized interest in its next rate application as opposed to this AIF.

On December 9, 1997, the Staff filed a Motion for Leave to File a Reply, together with the Staff's Reply. In its Motion, Staff alleged that VGDC did not object to the receipt of the Staff's Reply.

In its Reply, the Staff did not oppose VGDC's proposal not to address its capitalized interest in the AIF provided that: (i) the issue was addressed in a rate proceeding or AIF within the next 24 months; (ii) VGDC and its external auditor provide a detailed explanation to Staff why they believe their calculations are consistent with the Financial Accounting Standards Board's Statement of Financial Accounting Standards ("SFAS") No. 34 and SFAS No. 62; and (iii) VGDC provide calculations of the amount of interest that would have been capitalized as calculated in strict accordance with SFAS Nos. 34 and 62. The Staff also requested that the Commission enter an Order adopting the other recommendations made in the Staff's report. The Company advised that it did not wish to file a further pleading responsive to the Staff's Reply.

NOW, UPON CONSIDERATION of the Company's application, the Staff's report, the Company's Response and the Staff's Reply thereto, the Commission finds that the Staff's recommendations found in its report modified by its Reply, are reasonable and should be adopted. Until VGDC files a rate case using a different test period, VGDC should file its future AIFs, using a calendar year test period, on or before May 30 of each year.

With regard to Staff's recommendations relating to interest, we find that this issue should be addressed in VGDC's next filed rate proceeding, or no later than an AIF within the next 24 months. VGDC and its external auditors should provide a detailed explanation to Staff of why their calculations are consistent with SFAS Nos. 34 and 62, together with calculations of the amount of interest that would have been capitalized if calculated in strict accordance with these Financial Accounting Standards Board's Statements. These documents should be filed on or before the earlier of VGDC's next AIF or rate application.

Accordingly, IT IS ORDERED THAT:

(1) Consistent with the findings made herein, the booking, accounting, and other recommendations set out in the Staff's November 14, 1997 report, as revised by its December 9, 1997 Reply are hereby adopted. VGDC shall incorporate Staff's accounting and financial recommendations in its next AIF or rate application.

(2) If VGDC does not seek rate relief, the Company shall file its next AIF, utilizing audited financial and operating results for the year ending December 31, 1997, by no later than May 29, 1998.

(3) Consideration of the capitalized interest issue shall be addressed in VGDC's next rate proceeding, or no later than an AIF within the next 24 months.

(4) VGDC and its external auditors shall provide a detailed explanation to Staff of why its calculations of capitalized interest are consistent with the Financial Accounting Standards Board's SFAS No. 34: "Capitalization of Interest Cost" and SFAS No. 62: "Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants" and shall provide calculations of the amount of interest that would have been capitalized as calculated in strict accordance with SFAS Nos. 34 and 62 on or before the filing date of the earlier of the Company's next AIF or rate application.

(5) There being nothing further to be done herein, this matter shall be dismissed from the Commission's docket of active proceedings and the papers filed herein placed in the Commission's files for ended causes.

CASE NO. PUE970505
DECEMBER 17, 1997

APPLICATION OF
VIRGINIA GAS STORAGE COMPANY

For an Annual Informational Filing

ORDER ADOPTING RECOMMENDATIONS AND DISMISSING PROCEEDING

On May 29, 1997, Virginia Gas Storage Company ("VGSC" or "the Company") filed its Annual Informational Filing ("AIF") for the twelve months ending December 31, 1996. The Commission's February 27, 1997 Order in Case No. PUE960111 directed VGSC to file its AIF for the test year ended December 31, 1996, by no later than May 30, 1997.

On November 14, 1997, the Staff filed its report in the captioned matter which included a financial and accounting analysis. Staff noted in its report that it had used an 11.5% cost of equity for illustrative purposes. It explained that the Company and Staff agreed to use 11.5% as part of Virginia Gas Distribution Company's ("VGDC's") 1994 AIF because it reflected a rate that the Commission had recently approved for another gas distribution company. The Staff used the consolidated capital structure of Virginia Gas Company ("VGC"), VGSC's parent, because VGC is the primary entity that has raised capital on behalf of VGSC. This consolidated capital structure, together with an 11.50% cost of equity, produced an overall cost of capital of 10.452%.

In its accounting analysis, the Staff noted that it had to revise Schedule 11 and correct certain of the Company's ratemaking adjustments. VGSC incorrectly split per book income tax expense between above-the-line and below-the-line accounts on Schedule 11. The Staff recommended that the Commission direct VGSC to book below-the-line income taxes to Account 409.2 - Income Taxes, Other Income and Deductions and Account 410.2 - Provision for Deferred Income Taxes, Other Income and Deductions. According to Staff, above-the-line income taxes should continue to be booked to Accounts 409.1 and 410.1 in accordance with the Uniform System of Accounts for natural gas utilities.

Staff also recommended that the Company discontinue capitalizing interest during construction for financial reporting purposes. According to Staff, capitalized interest does not represent a future benefit, and is treated as a period cost for ratemaking purposes.

Staff recommended that if VGSC chooses not to increase its rates, it should continue to file an AIF as required by the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings adopted in Case No. PUE850022. Staff recommended that the Company file its next AIF, using a calendar year test period, by no later than May 30, 1998. Staff reported that no action concerning the Company's rates was warranted at this time.

In its December 3, 1997 letter, VGSC accepted Staff's proposed accounting recommendations, opposing only Staff's recommendations relating to capitalization of interest costs. VGSC requested that the Commission consider the treatment of its capitalized interest in its next rate application as opposed to this AIF.

On December 9, 1997, the Staff filed a Motion for Leave to File a Reply, together with the Staff's Reply. In its Motion, Staff alleged that VGSC did not object to the receipt of the Staff's Reply.

In its Reply, the Staff did not oppose VGSC's proposal not to address its capitalized interest in the captioned AIF provided that: (i) the issue was addressed in a rate proceeding or AIF within the next 24 months; (ii) VGSC and its external auditor provide a detailed explanation to Staff why they believe their calculations are consistent with the Financial Accounting Standards Board's Statement of Financial Accounting Standards ("SFAS") No. 34 and SFAS No. 62; and (iii) VGSC provide calculations of the amount of interest that would have been capitalized as calculated in strict accordance with SFAS Nos. 34 and 62. The Staff requested that the Commission enter an order adopting the other recommendations made in the Staff's report.

The Company advised that it did not wish to file a further pleading responsive to the Staff's Reply.

NOW UPON CONSIDERATION of the Company's application, the Staff's report, the Company's Response and the Staff's Reply thereto, the Commission finds that the Staff's recommendations found in its report, as modified by its Reply, are reasonable and should be adopted. Until VGSC files a rate case using a different test period, VGSC should file its future AIFs, using a calendar year test period, with a May 30 filing date.

With regard to Staff's recommendations relating to VGSC's capitalized interest, we find that this matter should be addressed in VGSC's next filed rate proceeding, or no later than an AIF within the next 24 months. VGSC and its external auditors should provide a detailed explanation to Staff of why their calculations are consistent with SFAS Nos. 34 and 62, together with calculations of the amount of interest that would have been capitalized if calculated in strict accordance with these Financial Accounting Standards Board's Statements. These documents should be filed on or before the earlier of VGSC's next AIF or rate application.

Accordingly, IT IS ORDERED THAT:

(1) Consistent with the findings made herein, the booking, accounting, and other recommendations set out in the Staff's November 14, 1997 report, as revised by its December 9, 1997 Reply, are hereby adopted. VGSC shall incorporate Staff's accounting and financial recommendations in its next AIF or rate application.

(2) If VGSC does not seek rate relief, the Company shall file its next AIF, utilizing audited financial and operating results for the year ending December 31, 1997, by no later than May 29, 1998.

(3) Consideration of the capitalized interest issue shall be addressed in VGSC's next filed rate proceeding, or no later than an AIF within the next 24 months.

(4) VGSC and its external auditors shall provide a detailed explanation to Staff of why its calculations of capitalized interest are consistent with SFAS Nos. 34 and 62 and shall provide calculations of the amount of interest that would have been capitalized as calculated in strict accordance with SFAS Nos. 34 and 62 on or before the earlier of the Company's next AIF or rate application.

(5) There being nothing further to be done herein, this matter shall be dismissed from the Commission's docket of active proceedings an the papers filed herein placed in the Commission's files for ended causes.

CASE NO. PUE970507
JULY 31, 1997

APPLICATION OF
UNITED WATER VIRGINIA, INC.

For cancellation and issuance of certificate of public convenience and necessity

ORDER CANCELING AND ISSUING CERTIFICATE

In a letter dated June 2, 1997, counsel for United Water Virginia, Inc. (formerly, "Virginia Suburban Water Company") requests the Commission to cancel the certificate (Certificate No. W-219a)[1] issued under its former name and to issue a certificate to reflect its new name. Pursuant to Articles of Amendment and a Certificate of Amendment issued on March 20, 1995, Virginia Suburban Water Company changed its corporate name to United Water Virginia, Inc. ("United" or "the Company").

[1] By order issued on January 2, 1991, in Case No. PUE890011, Certificate No. W-219a authorizes Virginia Suburban Water Company ("Virginia Suburban") to provide water service to certain subdivisions in Westmoreland County, Virginia; namely, Church Point, Old Prospect Landing and an extension of the Bleak Hall subdivision known as Bleak Hall II. See Application of Virginia Suburban Water Company, Case No. PUE890011, 1991 S.C.C. Ann. Rept. 260. That Order also combined and transferred Certificates Nos. W-222, W-223, W-224, and W-225 to Virginia Suburban all under Certificate No. W-219a. See Id.

The Commission, having considered the matter, is of the opinion that the Company's request is reasonable and should be granted. Accordingly,

IT IS ORDERED THAT:

(1) Certificate No. W-219a issued to Virginia Suburban Water Company be, and hereby is, cancelled.

(2) Certificate No. W-219b be, and hereby is, issued to United Water Virginia, Inc. authorizing it to provide water service to the same territory referenced in the certificate issued to it under its former name; specifically, the territory referenced in Certificate No. W-219a.

(3) On or before September 30, 1997, United shall file revised tariffs reflecting its amended name with the Commission's Division of Energy Regulation.

(4) A copy of this order shall be placed in Certificate File No. PUE890011, which is lodged in the Commission's Division of Energy Regulation.

(5) There being nothing further to be done in this matter, it be, and hereby is, dismissed from the Commission's docket of active cases and the papers placed in the file for ended causes.

CASE NO. PUE970507
OCTOBER 17, 1997

APPLICATION OF
UNITED WATER VIRGINIA, INC.

For cancellation and issuance of certificate of public convenience and necessity

ORDER CANCELING AND ISSUING CERTIFICATE

In order entered on July 31, 1997, the Commission cancelled Certificate No. W-219a previously issued to Virginia Suburban Water Company ("Virginia Suburban") and issued a new certificate (Certificate No. W-219b) to reflect that utility's new name.[1] Certificate No. W-219b authorizes United Water Virginia, Inc., ("United") to provide water service to certain subdivisions in Westmoreland County, Virginia.[2] That order did not, however, authorize United to provide water service to all of Virginia Suburban's currently authorized service territory.

In a September 16, 1997 filing Staff noted that, due to administrative oversight, certain certificates issued to Suburban Water Supply Company, the predecessor of Virginia Suburban, were never cancelled or combined with Certificate No. W-219a; namely, Certificate No. W-249 authorizing service in Essex County and Certificate No. W-253 authorizing service in King William County. As a result, such territory was not included in the authorization granted to United by the Commission's order of July 31, 1997.

NOW THE COMMISSION, having considered the matter, is of the opinion that the above-referenced certificates should be cancelled and that a new certificate should be issued to reflect all of the territory that United was authorized to serve under its former names.

Accordingly,

IT IS ORDERED THAT:

(1) Certificate Nos. W-249 and W-253 issued to Suburban Water Supply Company be, and hereby are, cancelled.

(2) Certificate No. W-219b issued to United Water Virginia, Inc. be, and hereby is, cancelled.

(3) Certificate No. W-219c be, and hereby is, issued to United Water Virginia, Inc., authorizing it to provide water service to the same territory previously referenced in Certificate No. W-219b as well as that referenced in Certificate Nos. W-249 and W-253.

(4) A copy of this Order shall be placed in Certificate File Nos. PUE890011 and PUE970507.

(5) There being nothing further to be done in this matter it be, and hereby is, dismissed from the Commission's docket of active cases and the papers placed in the file for ended causes.

---

[1] Pursuant to Articles of Amendment and Certificate of Amendment issued on March 20, 1995, Virginia Suburban Water Company changed its corporate name to United Water Virginia, Inc. ("United").

[2] By order issued on January 2, 1991, in Case No. PUE890011, Certificate No. W-219a authorized Virginia Suburban to provide water service to the following subdivisions in Westmoreland County, Virginia; namely, Church Point, Old Prospect Landing and an extension of the Bleak Hall subdivision known as Bleak Hall II. See Application of Virginia Suburban Water Company, Case No. PUE890011, 1991 S.C.C. Ann. Rept. 260. That Order also combined and transferred Certificate Nos. W-222, W-223, W-224, W-225 to Virginia Suburban all under Certificate No. W-219a. See Id.

CASE NO. PUE970523
JUNE 27, 1997

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For a general increase in rates

ORDER FOR NOTICE AND HEARING

On June 6, 1997, Virginia-American Water Company ("Virginia-American" or "the Company"), filed an application for a general increase in rates. In its application the Company requests an increase of $1,838,979, or a 7.30% increase, in total annual operating revenues. The Company's application and supporting testimony and exhibits were filed based on a test period ending December 31, 1996. By districts, the proposed annual increase is as follows:

	Revenue Increase	Percent Increase
Alexandria	$474,374	4.03%
Hopewell	$746,389	10.12%
Prince William	$618,216	10.23%

The Company has requested that its proposed rates become effective for service rendered on and after November 3, 1997.

NOW THE COMMISSION, having considered the application and the accompanying prefiled direct testimony and exhibits, is of the opinion that Staff should investigate the reasonableness of the proposed rates and that a hearing should be scheduled to receive evidence relevant to the proposed increase. The Commission is of the further opinion that a Hearing Examiner should be appointed, that the Company's proposed tariff revisions should be suspended for 150 days pursuant to § 56-238, and that a procedural schedule should be established for the filing of pleadings, testimony, and exhibits. Accordingly,

IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE970523.

(2) The Company's proposed tariff revisions are hereby suspended for a period of 150 days from the date of the filing of the above-captioned application and, as requested by the Company, shall take effect for service rendered on and after November 3, 1997, subject to refund with interest.

(3) Pursuant to Rule 7:1 of the Commission Rules of Practice and Procedure ("Rules"), a Hearing Examiner is appointed to conduct all further proceedings in this matter.

(4) A public hearing before a Hearing Examiner shall be held on Wednesday, January 21, 1998, commencing at 10:00 a.m. in the Commission's 2nd Floor Courtroom for the purpose of receiving evidence relevant to the Company's proposed tariff revisions.

(5) The appropriate members of the Commission's Staff shall investigate the reasonableness of the Company's proposed tariff and present their findings and recommendations in testimony at the January 21, 1998 public hearing.

(6) The Company forthwith make a copy of its proposed tariff and accompanying materials available for public inspection during regular business hours at all of the Company's offices where bills may be paid.

(7) On or before September 29, 1997, the Company shall file with the SCC Document Control Center an original and fifteen (15) copies of any additional direct testimony it intends to present at the public hearing, making a copy of the same available for public inspection as provided in paragraph (6) herein.

(8) Any interested person wishing to comment on the application shall, on or before September 2, 1997, address such comments to: William J. Bridge, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and shall refer to Case No. PUE970523.

(9) On or before September 2, 1997, any person desiring to participate as a Protestant, as defined in Rule 4:6, shall file with the Clerk of the Commission an original and fifteen (15) copies of a Notice of Protest as provided in Rule 5:16(a) and shall serve a copy on the Company. Service upon the Company shall be made on Richard D. Gary, Esquire, and Michelle K. Walsh, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074.

(10) Within five (5) days of receipt of any Notice of Protest, the Company shall serve on each Protestant a copy of all material now or hereinafter filed with the Commission.

(11) Any person who expects to submit evidence, cross-examine witnesses, or otherwise participate in the proceeding as a Protestant, pursuant to Rule 4:6, shall file on or before November 17, 1997, an original and fifteen (15) copies of a Protest with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218 referring to Case No. PUE970523 and shall simultaneously send a copy thereof to the Company as follows: Richard D. Gary, Esquire, and Michelle K. Walsh, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074.

(12) The Protest shall set forth (i) a precise statement of the interest of the Protestant in the proceeding; (ii) a full and clear statement of the facts which the Protestant is prepared to prove by competent evidence; and (iii) a statement of the specific relief sought and the legal basis therefor. Any

corporate entity or governmental unit that wishes to submit evidence, cross-examine witnesses, or otherwise participate as a Protestant must be represented by legal counsel in accordance with the requirements of Rule 4:8.

(13) On or before November 17, 1997, each Protestant shall file an original and fifteen (15) copies of the prepared testimony and exhibits the Protestant intends to present at the public hearing, and shall simultaneously mail a copy to the Company's counsel at the address set out above.

(14) On or before December 15, 1997, the Commission Staff shall file an original and fifteen (15) copies of the prepared testimony and exhibits Staff intends to present at the public hearing and shall serve a copy of each upon the Company and each Protestant.

(15) On or before January 7, 1998, the Company shall file an original and fifteen (15) copies of all testimony it expects to introduce in rebuttal to all direct prefiled testimony and exhibits. Additional rebuttal evidence may be presented without prefiling, provided it is in response to evidence which was not prefiled but elicited at the time of the hearing, and provided further, the need for additional rebuttal evidence is timely addressed by motion during the hearing and leave to present said evidence is granted by the Hearing Examiner. A copy of the prefiled rebuttal evidence shall be sent by the Company to all other parties to the proceeding.

(16) Discovery shall be conducted in accordance with Part VI of the Rules except that the Company and the Protestants shall respond to interrogatories or requests for production of documents within ten (10) days and objections to such discovery must be filed within five (5) days after receipt of the interrogatories or the requests by the party to whom discovery is directed; any objection not timely raised may be subject to waiver.

(17) On or before August 3, 1997, the Company shall complete publication of the following notice to be published as display advertising (not classified) once a week for two consecutive weeks in newspapers of general circulation in the Company's service territory in the Alexandria District:

NOTICE TO THE PUBLIC OF AN
APPLICATION FOR AN INCREASE IN TARIFFS
BY VIRGINIA-AMERICAN WATER COMPANY

TAKE NOTICE that on June 6, 1997, Virginia-American Water Company ("Virginia-American" or "the Company") filed an application for a general increase in rates. In its application the Company requests that its proposed rates be allowed to go into effect for service rendered on and after November 3, 1997. The State Corporation Commission has suspended the Company's proposed tariff revisions and, at the Company's request, allowed such revisions to become effective November 3, 1997, subject to refund with interest.

The proposed rates are designed to produce an overall increase of $1,838,979, or 7.30% increase, in total annual operating revenues. The Company proposes to allocate the annual increase to its operating districts as follows:

		Revenue Increase	Percent Increase
Alexandria	-	$474,374	4.03%
Hopewell	-	$746,389	10.12%
Prince William	-	$618,216	10.23%

It should be noted, however, that the aggregate revenue requirement finally approved by the Commission may result in an allocation to the operating districts different from that proposed by the Company.

Interested persons should review the Company's application for details of its proposals. After considering all of the evidence in this case, the Commission may prescribe rates, rules, and regulations that differ from those appearing in the Company's application.

Virginia-American's proposed rates for the Alexandria District are as follows:

AVAILABILITY OF SERVICE:

Available to all metered customers other than customers purchasing water for resale.

RATE:

	Gallons Per Month	Gallons Per Quarter	Rate Per 1,000 Gallons
For the first	2,000	6,000	(at minimum charge)
For all over	2,000	6,000	$1.3180

MINIMUM CHARGE:

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter	Minimum Charge Per Month	Minimum Charge Per Quarter
5/8 inch	$ 8.00	$ 24.00
3/4 inch	$ 12.00	$ 36.00
1 inch	$ 20.00	$ 60.00
1-1/2 inch	$ 40.00	$ 120.00
2 inch	$ 64.00	$ 192.00
3 inch	$120.00	$ 360.00
4 inch	$200.00	$ 600.00
6 inch	$400.00	$1,200.00
8 inch	$640.00	$1,920.00

SERVICE CONNECTION CHARGE:

3/4 inch Service Connection	$1,065.00
Service Connections over 3/4 inch	Actual cost to the Company including overhead and federal income tax

The customer shall pay to the Company the service connection charge prior to installation.

A multiple unit housing development owned by an individual, partnership or corporation other than a governmental authority where each and every unit in the development has at all times the same common owner, is located on a single site composed of one or more contiguous parcels; where the housing development owns, maintains and operates all lines of pipe for the distribution of water within the site; and where the housing development furnishes water to its tenants as part of the considerations for the rent charged and does not install, maintain or operate water meters for the sub-metering of water service; where the housing development enters into a special contract with the Company, with such guarantee as may be satisfactory to the Company, shall pay to the Company, a minimum of $5,000 per month for water service to said premises; at the regularly established rates of the Company.

Meters, except those installed on private fire connections or sewer exempt meters will be furnished, installed and removed by the Company and shall remain its property.

When meters are installed for the purpose of allowing customers to use water and be exempt from sewer charges, the customer shall provide a meter and the installation at his expense; however, the meter location and type of meter must be approved by the Water Company.

Turn-on and shut-off charges during normal scheduled working hours will be $15.00.

An additional charge of $15.00 will be made for all returned checks tendered.

The Commission has scheduled a hearing to begin at 10:00 a.m. on Wednesday, January 21, 1998, in the Commission's Second Floor Courtroom in the Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence relevant to the proposed rate increase.

A copy of the Company's application and accompanying materials are available for public inspection during regular business hours at all of the Company's offices where bills may be paid. A copy of the application and supplemental materials are also available Monday through Friday, 8:15 a.m. to 5:00 p.m. at the Commission's Clerk's Office, Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. On and after September 29, 1997, a copy of any supplementary direct testimony and exhibits prefiled by the Company will be available for public inspection at the same locations.

Any person desiring to comment in writing on the application may do so by September 2, 1997, and directing such comment to the Clerk of the Commission as provided below, c/o Document Control Center, P.O. Box 2118, Richmond Virginia 23218, and refer to Case No. PUE970523. Any person desiring to make a statement at the public hearing, either for or against the application, need only appear in the Commission's courtroom at 9:45 a.m. on the day of the hearing and identify himself as a public witness to the Commission's bailiff.

Any person who expects to present evidence, cross-examine witnesses, or otherwise participate in the proceedings as a Protestant, pursuant to Rule 4:6 of the Commission's Rules of Practice and Procedure, should promptly obtain a copy of the Order for Notice and Hearing from the Clerk of the Commission for full details of the procedural schedule and instructions on participation. All service on the Company in this matter shall be directed to: Richard D. Gary, Esquire, and Michelle K. Walsh, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, and to other Protestants.

All written communications to the Commission regarding this case should be directed to William J. Bridge, Clerk of the State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218, and should refer to Case No. PUE970523.

VIRGINIA-AMERICAN WATER COMPANY

(18) On or before August 1, 1997, the Company shall complete publication of the following notice to be published as display advertising (not classified) once a week for two consecutive weeks in newspapers of general circulation in the Hopewell District:

NOTICE TO THE PUBLIC OF AN
APPLICATION FOR AN INCREASE IN TARIFFS
BY VIRGINIA-AMERICAN WATER COMPANY

TAKE NOTICE that on June 6, 1997, Virginia-American Water Company ("Virginia-American" or "the Company") filed an application for a general increase in rates. In its application the Company requests that its proposed rates be allowed to go into effect for service rendered on and after November 3, 1997. The State Corporation Commission has suspended the Company's proposed tariff revisions and, at the Company's request, allowed such revisions to become effective November 3, 1997, subject to refund with interest.

The proposed rates are designed to produce an overall increase of $1,838,979, or 7.30% increase, in total annual operating revenues. The Company proposes to allocate the annual increase to its operating districts as follows:

		Revenue Increase	Percent Increase
Alexandria	-	$474,374	4.03%
Hopewell	-	$746,389	10.12%
Prince William	-	$618,216	10.23%

It should be noted, however, that the aggregate revenue requirement finally approved by the Commission may result in an allocation to the operating districts different from that proposed by the Company.

Interested persons should review the Company's application for details of its proposals. After considering all of the evidence in this case, the Commission may prescribe rates, rules, and regulations that differ from those appearing in the Company's application.

SCHEDULE NO. 1

AVAILABILITY OF SERVICE:

Available to all metered service for water treated with fluoride and carbon as required, except for customers purchasing water for resale.

METER QUANTITY CHARGE:

Where water is supplied by meter measurement, each customer shall be required to pay, and the Company shall collect for all water so supplied at the regular published schedule of rates, herein set forth, subject to the meter minimum charges herein stated.

RATE:

	Cubic Feet		Rate Per 100 Cubic Feet
	Month	Quarter	
For the first	300	900	(at minimum charge)
For the next	1,700	5,100	$3.3170
For all over	2,000	6,000	$2.2615

SCHEDULE NO. 2

AVAILABILITY OF SERVICE:

Available for all metered customers for water not treated with fluoride and carbon, except for customers purchasing water for resale.

RATE:

	Cubic Feet		Rate Per 100 Cubic
	Month	Quarter	Feet
For the first	600,000	1,800,000	$2.1628
For all over	600,000	1,800,000	$0.5975

SERVICE CONNECTION CHARGE

3/4 inch Service Connection	$1,026.00
Service Connections over 3/4 inch	Actual cost to the Company including overhead and federal income tax

Turn-on and shut-off charges during normal scheduled working hours will be $15.00.

An additional charge of $15.00 will be made for all returned checks tendered.

The Commission has scheduled a hearing to begin at 10:00 a.m. on Wednesday, January 21, 1998, in the Commission's Second Floor Courtroom in the Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence relevant to the proposed rate increase.

A copy of the Company's application and accompanying materials are available for public inspection during regular business hours at all of the Company's offices where bills may be paid. A copy of the application and supplemental materials are also available Monday through Friday, 8:15 a.m. to 5:00 p.m. at the Commission's Clerk's Office, Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. On and after September 29, 1997, a copy of any supplementary direct testimony and exhibits prefiled by the Company will be available for public inspection at the same locations.

Any person desiring to comment in writing on the application may do so by September 2, 1997, and directing such comment to the Clerk of the Commission as provided below, c/o Document Control Center, P.O. Box 2118, Richmond Virginia 23218, and refer to Case No. PUE970523. Any person desiring to make a statement at the public hearing, either for or against the application, need only appear in the Commission's courtroom at 9:45 a.m. on the day of the hearing and identify himself as a public witness to the Commission's bailiff.

Any person who expects to present evidence, cross-examine witnesses, or otherwise participate in the proceeding as a Protestant, pursuant to Rule 4:6 of the Commission's Rules of Practice and Procedure, should promptly obtain a copy of the Order for Notice and Hearing from the Clerk of the Commission for full details of the procedural schedule and instructions on participation. Service upon the Company in this case shall be directed to: Richard D. Gary, Esquire, and Michelle K. Walsh, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074.

All written communications to the Commission regarding this case should be directed to William J. Bridge, Clerk of the State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218, and should refer to Case No. PUE970523.

VIRGINIA-AMERICAN WATER COMPANY

(19) On or before August 1, 1997, the Company shall complete publication of the following notice to be published as display advertising (not classified) once a week for two consecutive weeks in newspapers of general circulation in Prince William District:

NOTICE TO THE PUBLIC OF AN
APPLICATION FOR AN INCREASE IN TARIFFS
BY VIRGINIA-AMERICAN WATER COMPANY

TAKE NOTICE that on June 6, 1997, Virginia-American Water Company ("Virginia-American" or "the Company") filed an application for a general increase in rates. In its application the Company requests that its proposed rates be allowed to go into effect for service rendered on and after November 3, 1997. The State Corporation Commission has suspended the Company's proposed tariff revisions and, at the Company's request, allowed such revisions to become effective November 3, 1997, subject to refund with interest.

The proposed rates are designed to produce an overall increase of $1,838,979, or an 7.30% increase, in total annual operating revenues. The Company proposes to allocate the annual increase to its operating districts as follows:

		Revenue Increase	Percent Increase
Alexandria	-	$474,374	4.03%
Hopewell	-	$746,389	10.12%
Prince William	-	$618,216	10.23%

It should be noted, however, that the aggregate revenue requirement finally approved by the Commission may result in an allocation to the operating districts different from that proposed by the Company.

Interested persons should review the Company's application for details of its proposals. After considering all of the evidence in this case, the Commission may prescribe rates, rules, and regulations that differ from those appearing in the Company's application.

Virginia-American's proposed rates for the Prince William District are as follows:

AVAILABILITY OF SERVICE

Available to all metered customers other than customers purchasing water for resale.

RATE

	Gallons Per Month	Gallons Per Quarter	Rate Per 1,000 Gallons
For the first	2,000	6,000	(at minimum charge
For all over	2,000	6,000	$3.6072

MINIMUM CHARGE

No bill will be rendered for less than the minimum charges set forth below:

Size of Meter	Minimum Charge Per Month	Per Quarter
5/8 inch	$ 8.00	$ 24.00
3/4 inch	$ 12.00	$ 36.00
1 inch	$ 20.00	$ 60.00
1-1/2 inch	$ 40.00	$ 120.00
2 inch	$ 64.00	$ 192.00
3 inch	$120.00	$ 360.00
4 inch	$200.00	$ 600.00
6 inch	$400.00	$1,200.00
8 inch	$640.00	$1,920.00

SERVICE CONNECTION CHARGE

3/4 inch Service Connection	$991.00
Service Connections over 3/4 inch	Actual cost to the Company including overhead and federal income tax

The customer shall pay to the Company the service connection charge prior to installation.

Turn-on and shut-off charges during normal scheduled working hours will be $15.00.

An additional charge of $15.00 will be made for all returned checks.

The Commission has scheduled a hearing to begin at 10:00 a.m. on Wednesday, January 21, 1998, in the Commission's Second Floor Courtroom in the Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence relevant to the proposed rate increase.

A copy of the Company's application and accompanying materials are available for public inspection during regular business hours at all of the Company's offices where bills may be paid. A copy of the application and supplemental materials are also available Monday through Friday, 8:15 a.m. to 5:00 p.m. at the Commission's Clerk's Office, Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. On and after September 29, 1997, a copy of any supplementary direct testimony and exhibits prefiled by the Company will be available for public inspection at the same locations.

Any person desiring to comment in writing on the application may do so by September 2, 1997, and directing such comment to the Clerk of the Commission as provided below, c/o Document Control Center, P.O. Box 2118, Richmond Virginia 23218, and refer to Case No. PUE970523. Any person desiring to make a

statement at the public hearing, either for or against the application, need only appear in the Commission's courtroom at 9:45 a.m. on the day of the hearing and identify himself as a public witness to the Commission's bailiff.

Any person who expects to present evidence, cross-examine witnesses, or otherwise participate in the proceeding as a Protestant, pursuant to Rule 4:6 of the Commission's Rules of Practice and Procedure, should promptly obtain a copy of the Order for Notice and Hearing from the Clerk of the Commission for full details of the procedural schedule and instructions on participation in this matter. Service upon the Company in this case shall be directed to: Richard D. Gary, Esquire, and Michelle K. Walsh, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074, and to other parties of record.

All written communications to the Commission regarding this case should be directed to Clerk of the State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218, and should refer to Case No. PUE970523.

VIRGINIA-AMERICAN WATER COMPANY

(20) The Company forthwith serve a copy of this Order on the Chairman of the Board of Supervisors of each county in which the Company offers service, and/or the Mayor or Manager of every city and town (or equivalent officials in counties, cities, and towns having alternate forms of government) in which the Company offers service. Service shall be made by first class mail or delivery to the customary place of business or to the residence of the person served.

(21) At the commencement of the hearing scheduled herein, the Company shall provide the Commission with proof of notice as required by paragraphs (17), (18), (19), and (20).

CASE NO. PUE970525
NOVEMBER 24, 1997

PETITION OF
VIRGINIA - AMERICAN WATER COMPANY

For a Declaratory Judgment

FINAL ORDER

On June 10, 1997, Virginia-American Water Company ("Virginia-American" or "the Company") filed a petition for declaratory judgment ("petition") with the State Corporation Commission ("Commission"). This petition requested the Commission to determine that the Company did not need to seek a certificate of public convenience and necessity for the alteration of its water production system in Hopewell or for the provision of non-potable water service to AlliedSignal, Inc. ("Allied") or other industrial customers desiring a non-potable grade of water.

In its petition, Virginia-American estimated that the alterations to its production plant and piping system will cost approximately $1.9 million and will permit non-potable water to bypass the filtration process required for the production of potable water. The petition further alleges that implementation of the non-potable system would permit the Company to avoid the construction of new filters to replace its wood tub filters in Hopewell that would otherwise need to be replaced at a cost of more than $8.0 million. The Company projected that the alterations to its system could be completed in time for non-potable water service to commence by mid-1999.

The Commission's June 24, 1997 Order, among other things, established a procedural schedule for the matter and invited interested parties to file comments or requests for hearing on the Company's petition. It directed both the Company and Staff to file legal memoranda analyzing whether the facilities and processes necessary to provide non-potable water service constitute "ordinary extensions or improvements in the usual course of business" and addressing other issues raised by the petition. The Order required the Company to file proof of the publication of the notice and service required therein on or before August 29, 1997.

Legal memoranda were filed by Virginia-American and the Staff. The Company filed its proof of notice and service on August 28, 1997.

The City of Hopewell ("Hopewell") filed comments on August 18, 1997, but did not request a hearing on the petition. In its comments, Hopewell stated that it could not support Virginia-American's assertions based on the information in the Company's pleadings. It reserved the right to participate fully in any further proceedings in the matter.

On September 16, 1997, the Commission entered an Order which authorized the Company to file a pleading responsive to the Staff memorandum and Hopewell's comments. The September 16 Order also permitted Hopewell and the Staff to file a reply to any response filed by Virginia-American.

On September 25, 1997, Virginia-American filed its response to Hopewell's comments and the Staff's memorandum. In that response, the Company asserted that even after construction of the proposed non-potable system, it would continue to provide its existing customers with water, the same product it has always supplied. It asserts that the only distinction in the service being provided was the grade of water being supplied. It maintained that the provision of a separate quality of water to industrial customers was part of its ordinary practice as a water company. It stated that further proceedings to ascertain additional facts in the case were unnecessary, and that the ultimate impact of the non-potable system on Virginia-American customers' rates would be determined by the Commission in a future rate case.

Neither the Staff nor Hopewell filed a reply to the Company's response.

NOW UPON consideration of the Company's petition, the legal memoranda of Staff and the Company, Hopewell's comments, the Company's response and applicable statutes, the Commission is of the opinion and finds that no participant has requested a hearing, and no hearing is necessary in this matter.

Based upon the pleadings received herein, it is evident that the Company has provided water service to two classes of customers -- domestic and industrial customers -- in its Hopewell Operating District through facilities that are physically differentiated. What the Company now seeks to do is to repipe and reconfigure facilities and existing water treatment processes that are already separable as between domestic and industrial uses of water. The new service Virginia-American proposes to provide to its industrial customers involves the offering of a less refined grade or quality of water, i.e., non-potable water, than is now provided by the Company. Under the unique facts presented in this case, we are unable to conclude that Virginia-American requires a certificate of public convenience and necessity to provide non-potable water service to its industrial customers. The facility changes proposed by the Company are more in the nature of ordinary improvements in the usual course of its business which already distinguishes between domestic and industrial use customers. Therefore, we will grant Virginia-American's petition insofar as it requests that we determine that the Company does not need to apply for a certificate of public convenience and necessity for the alteration of its water production system to provide non-potable water service in its Hopewell Operating District.

Finally, in granting Virginia-American's petition, we make no determination as to the proper allocation of any costs or rate effects that may be associated with the Company's non-potable water service proposal. That issue is more properly addressed in a rate case or other proceeding in which evidence on this issue may be developed.

Accordingly, IT IS ORDERED THAT:

(1) Virginia-American's petition for declaratory judgment is granted insofar as it requests a determination that the Company need not seek a certificate of public convenience and necessity for the alteration of its water production system to provide non-potable water service in its Hopewell Operating District.

(2) There being nothing further to be done herein, this matter shall be dismissed from the Commission's docket of active proceedings.

CASE NO. PUE970543
JUNE 17, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
MARY G. MUSSELMAN, et al.
v.
SANVILLE UTILITIES CORPORATION

PRELIMINARY ORDER

By notice dated April 15, 1997, Sanville Utilities Corporation ("Sanville" or "the Company") notified its customers and the Commission's Division of Energy Regulation pursuant to the Small Water or Public Utility Act ("Va. Code § 56-265.13:1, et seq.) of its intent to increase its sewer rates effective for service rendered on and after June 1, 1997. On May 30, 1997, the Commission's Division of Energy Regulation received a petition requesting a hearing from approximately twenty nine percent (29%) of the Company's affected customers.

NOW THE COMMISSION, having considered the matter, is of the opinion that a hearing should be scheduled pursuant to Va. Code § 56-265.13:6. A procedural order establishing, among other things, the date of the hearing will be by separate order of the Commission.

We will not suspend the Company's proposed rates. However, we will declare such rates interim and subject to refund, with interest, effective June 1, 1997. In addition, the Company should file certain financial information based on its proposed test year on or before September 2, 1997.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUE970543.

(2) The increase in the Company's rates shall be interim and subject to refund, with interest, effective for service rendered on or after June 1, 1997.

(3) The Company shall file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before September 2, 1997, certain financial data based on the Company's proposed test year. Such information shall include, at a minimum, an income statement, balance sheet, statement of cash flows, the Company's most recent tax return, and a rate of return statement, with work papers supporting all proposed adjustments to book amounts, which support the Company's proposed rate increase as required by Section 8 of the Commission's Rules Implementing the Small Water or Sewer Public Utility Act.

(4) This matter shall be continued subject to further order of the Commission.

CASE NO. PUE970544
JUNE 23, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
DAVID W. DESMOND, et al.
v.
UNITED WATER VIRGINIA, INC.

PRELIMINARY ORDER

By notice dated May 22, 1997, United Water Virginia, Inc. ("United" or "the Company") notified its customers and the Commission's Division of Energy Regulation pursuant to the Small Water or Public Utility Act ("Va. Code § 56-265.13:1, et seq.) of its intent to increase its water rates effective for service rendered on and after July 5, 1997. On June 16, 1997, the Commission's Division of Energy Regulation received a petition requesting a hearing from two hundred fifty-five (255) of the Company's affected customers.

NOW THE COMMISSION, having considered the matter, is of the opinion that a hearing should be scheduled pursuant to Va. Code § 56-265.13:6. A procedural order establishing, among other things, the date of the hearing will be by separate order of the Commission.

Pursuant to Va. Code § 56-265.13:3, we will suspend the Company's proposed rates through October 19, 1997. Such rates will be declared interim and subject to refund, with interest, effective October 20, 1997. In addition, the Company should file certain financial information based on its proposed test year on or before September 30, 1997.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUE970544.

(2) The proposed increase in the Company's rates are suspended through October 19, 1997.

(3) The proposed increase in the Company's rates shall be interim and subject to refund, with interest, effective for service rendered on or after October 20, 1997.

(4) The Company shall file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before September 30, 1997, certain financial data based on the Company's proposed test year. Such information shall include, at a minimum, an income statement, balance sheet, statement of cash flows, the Company's most recent tax return, and a rate of return statement, with work papers supporting all proposed adjustments to book amounts, which support the Company's proposed rate increase as required by Section 8 of the Commission's Rules Implementing the Small Water or Sewer Public Utility Act.

(5) This matter shall be continued subject to further order of the Commission.

CASE NO. PUE970614
OCTOBER 8, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
WASHINGTON GAS LIGHT COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, §§ 56-265.14 et seq. of the Code of Virginia. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about November 27, 1996, Dualco Plumbing, Inc. damaged a three-inch plastic gas service line operated by Washington Gas Light Company ("the Company"), located at or near 10914 Coverstone Drive, Manassas, Virginia, while excavating;

(2) On or about December 27, 1996, Rockingham Construction Co., Inc. damaged a one-quarter-inch plastic gas service line operated by the Company located at or near 6977 Conservation Drive, Fairfax, Virginia, while excavating;

(3) On or about January 30, 1997, Atlas Plumbing & Mechanical, Inc. damaged a one-inch plastic gas service line operated by the Company located at or near 12907 Lee Side Court, Chantilly, Virginia, while excavating;

(4) On or about April 2, 1997, D. A. Foster Co. damaged a one-quarter-inch plastic gas service line operated by the Company located at or near 8654 Gateshead Road, Alexandria, Virginia, while excavating;

(5) On or about April 8, 1997, D & F Construction damaged a one-quarter inch plastic gas service line operated by the Company located at or near 13404 Hallow Way Court, Woodbridge, Virginia, while excavating;

(6) On or about April 4, 1997, Leo Construction Company damaged a three-quarter inch plastic gas service line operated by the Company located at or near Lot 52 Foal Court, Gainesville, Virginia, while excavating;

(7) On or about April 10, 1997, C. J. Fisher & Sons, Inc. damaged a three-quarter inch wrapped steel gas service line operated by the Company located at or near 1200 Old Hunter Mill Road, Reston, Virginia, while excavating;

(8) On or about April 16, 1997, D & F Construction damaged a one-quarter inch plastic gas service line operated by the Company located at or near 13311 Huntington Lane, Dale City, Virginia, while excavating;

(9) On or about April 22, 1997, ACECO damaged a three-quarter inch wrapped steel gas service line operated by the Company located at or near 6655 Arlington Boulevard, Fairfax, Virginia, while excavating;

(10) On or about April 29, 1997, Arlington County damaged a one-quarter inch plastic gas service line operated by the Company located at or near 1608 North Queen Street, Arlington, Virginia, while excavating;

(11) On or about May 6, 1997, Delmar Systems damaged a one-quarter inch plastic gas service line operated by the Company located at or near 6202 Foxcroft Road, Alexandria, Virginia, while excavating;

(12) On or about April 30, 1997, Arlington County damaged a one-quarter inch plastic gas service line operated by the Company located at or near 1701 North 16th Street, Arlington, Virginia, while excavating;

(13) On or about May 8, 1997, B. Frank Joy damaged a one-half inch copper gas service line operated by the Company located at or near 650 North Glebe Road, Arlington, Virginia, while excavating;

(14) On or about May 17, 1997, Bowman Landscape Co. damaged a one-half inch copper gas service line operated by the Company located at or near North 11th & North Fillmore Street, Arlington, Virginia, while excavating;

(15) On or about May 19, 1997, Leo Construction Company damaged a three-quarter inch plastic gas service line operated by the Company located at or near Lot 300 Cynthia Street, Manassas, Virginia, while excavating;

(16) On or about May 28, 1997, C & G Plumbing damaged a one-quarter inch plastic gas service line operated by the Company located at or near 9710 Dublin Drive, Manassas, Virginia, while excavating;

(17) On or about May 30, 1997, MICHCOM damaged a one-half inch plastic gas service line operated by the Company located at or near 4523 Sawgrass Court, Annandale, Virginia, while excavating; and

(18) Washington Gas Light Company caused such damages by failing to mark the approximate horizontal locations of the lines on the ground to within two feet, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of $11,900 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

(2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $11,900 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970615
OCTOBER 17, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
BYERS ENGINEERING COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, §§ 56-265.14 et seq. of the Code of Virginia. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about September 18, 1996, Fred W. Borden, Inc. damaged a two inch plastic gas main line operated by Washington Gas Light Company located at or near Lot 18 Elsinore Drive, Lake Ridge, Virginia, while excavating;

(2) On or about March 28, 1997, Custom Drainage Systems, Inc. damaged a one-half inch plastic gas service line operated by Washington Gas Light Company located at or near 10004 Garrett Street, Vienna, Virginia, while excavating;

(3) On or about March 27, 1997, Hall Mechanical & Associates, Inc. damaged a three-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near 20806 Crofton Court, Ashburn, Virginia, while excavating;

(4) On or about April 4, 1997, Fairfax County Water Authority damaged a three-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near 7206 Sipes Lane, Annandale, Virginia, while excavating;

(5) On or about April 1, 1997, Mid-Atlantic Pipeliners, Inc. damaged a three-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near 7912 Steadman Street, Alexandria, Virginia, while excavating;

(6) On or about April 10, 1997, Ivy H. Smith damaged a one-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near 200 Willow Terrace, Sterling, Virginia, while excavating;

(7) On or about May 6, 1997, BCI Pueblo West damaged a two inch plastic gas main line operated by Washington Gas Light Company located at or near 1414 Martha Custis Drive, Alexandria, Virginia, while excavating;

(8) On or about May 5, 1997, Virginia Electric and Power Company damaged a two inch plastic gas main line operated by Washington Gas Light Company located at or near 5953 Fairview Woods Court, Burke, Virginia, while excavating;

(9) On or about April 30, 1997, Thomas E. Ashley Landscaping Company damaged a three-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near 9205 Wyeth Lane, Burke, Virginia, while excavating;

(10) On or about May 12, 1997, D. A. Foster Company damaged a one-half inch plastic gas service line operated by Washington Gas Light Company located at or near 7938 Woodpecker Way, Alexandria, Virginia, while excavating;

(11) On or about May 20, 1997, Leo Construction Company damaged a two inch plastic gas service line operated by Washington Gas Light Company located at or near 111 Spencer Terrace, Sterling, Virginia, while excavating;

(12) On or about May 19, 1997, Casper Colosimo & Son, Inc. damaged a one-half inch copper gas service line operated by Washington Gas Light Company located at or near 2425 Silver Fox Lane, Reston, Virginia, while excavating;

(13) On or about May 22, 1997, Tele-Communications, Inc. damaged a one-half inch plastic gas service line operated by Washington Gas Light Company located at or near 1438 Featherstone Road, Woodbridge, Virginia, while excavating;

(14) On or about May 23, 1997, UTILEX damaged a one-half-inch plastic gas service line operated by Washington Gas Light Company located at or near 10105 Sudley Manor Drive, Manassas, Virginia, while excavating;

(15) On or about May 27, 1997, Leo Construction Company damaged a three-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near 44165 Alderwood Terrace, Ashburn, Virginia, while excavating;

(16) On or about May 28, 1997, Leo Construction Company damaged a three-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near 44163 Alderwood Terrace, Ashburn, Virginia, while excavating;

(17) On or about June 3, 1997, Leo Construction Company damaged a one-half inch plastic gas service line operated by Washington Gas Light Company located at or near 6855 Musket Way, Centreville, Virginia, while excavating; and

(18) Byers Engineering Company ("the Company") caused such damages by failing to mark the approximate horizontal locations of the lines on the ground to within two feet, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $11,450 to be paid

contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $11,450 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970623
OCTOBER 8, 1997

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

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, §§ 56-265.14 et seq. of the Code of Virginia. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about June 26, 1996, the City of Covington damaged a one-and-one-quarter inch steel gas service line operated by Commonwealth Gas Services, Inc., ("the Company") located at or near 203 West Locust Street, Lynchburg, Virginia, while excavating;

(2) On or about February 2, 1997, Osborne Irrigation damaged a five-eighths inch plastic gas service line operated by the Company located at or near 11710 Edenberry Drive, Richmond, Virginia, while excavating;

(3) On or about May 19, 1997, Guy C. Eavers Excavating damaged a two inch plastic gas main line operated by the Company located at or near 1023 Stuart Street, Staunton, Virginia, while excavating;

(4) On or about May 20, 1997, Virginia American Water Company damaged a one-and-one-quarter inch plastic gas main line operated by the Company located at or near 3311 Virginia Street, Hopewell, Virginia, while excavating;

(5) On or about June 19, 1997, Utilx damaged a two inch plastic gas main line operated by the Company located at or near 10161 Hull Street, Midlothian, Virginia, while excavating;

(6) On or about June 30, 1997, S & N Communications, Inc. damaged a one inch plastic gas service line operated by the Company located at or near 1051 Elden Street, Herndon, Virginia, while excavating;

(7) On or about July 3, 1997, Checkmate Communications damaged a one-half inch plastic gas service line operated by the Company located at or near 8318 Fox Berry Drive, Chesterfield, Virginia, while excavating;

(8) On or about July 8, 1997, Warraco, Inc. damaged one-half inch plastic gas service line operated by the Company located at or near 147 North Main Street, Chatham, Virginia, while excavating; and

(9) The Company caused such damages by failing to mark the approximate horizontal location of the line on the ground to within two feet, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that:

(1) The Company will pay a civil penalty to the Commonwealth of Virginia in the amount of $5,750 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

(2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $5,750 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970754
DECEMBER 4, 1997

NOTIFICATION OF
AMVEST OIL & GAS, INC.

To furnish gas service pursuant to § 56-265.4:5 of the Code of Virginia

ORDER DISMISSING PROCEEDING

On September 17, 1997, AMVEST Oil & Gas, Inc. ("AMVEST" or "the Company") notified the State Corporation Commission ("Commission") pursuant to § 56-265.4:5 of the Code of Virginia of its plans to furnish gas service to Mosby's Steakhouse, Inc. ("Mosby's").

On October 3, 1997, the Commission entered an Order docketing the proceeding, notifying all public utilities providing gas service in the Commonwealth of AMVEST's plans to furnish gas service, and advising these utilities that within 60 days of the entry of this Order they could file an application with the Commission to provide natural gas service within the area identified in the Company's notification documents. The October 3 Order found that Mosby's facilities were not located within a territory for which a certificate of public convenience and necessity has been granted, and, as of the time of the Commission's receipt of the notice provided for by § 56-265.4:5 of the Code of Virginia, were not located within any area, territory, or jurisdiction served by a municipal corporation that provided gas distribution service as of January 1, 1992.

Sixty days have now elapsed since the entry of the October 3, 1997 Order, and no jurisdictional public utility has filed an application to provide natural gas service within the area identified in the captioned notification.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that the Company has satisfied the requirements of §§ 56-265.1(b)(4), and -265.4:5 of the Code of Virginia, and that there being nothing further to be done herein, this matter should be dismissed.

Accordingly, IT IS ORDERED THAT this matter shall be dismissed from the Commission's docket or active proceedings, and the papers filed herein made a part of the Commission's file for ended causes.

CASE NO. PUE970794
NOVEMBER 18, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
VIRGINIA NATURAL GAS, INC.,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, §§ 56-265.14 et seq. of the Code of Virginia. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about June 26, 1997, T. A. Sheets, damaged a three-quarter inch plastic gas service line operated by Virginia Natural Gas, Inc. ("the Company") located at or near 2476 Entrada Drive, Virginia Beach, Virginia, while excavating;

(2) On or about July 7, 1997, Stackhouse, Inc. damaged a two inch plastic gas main line operated by the Company located at or near 523 Track Crossing, Chesapeake, Virginia, while excavating;

(3) On or about July 21, 1997, TCI Tech Con, Inc. damaged a two inch plastic gas main line operated by the Company located at or near 4427 Hampton Boulevard, Norfolk, Virginia, while excavating;

(4) On or about July 23, 1997, Art Ray Corp. damaged a one inch plastic gas service line operated by the Company located at or near 2800 Godwin Boulevard, Suffolk, Virginia, while excavating;

(5) On or about July 31, 1997, L. E. Ballance Electric damaged a two inch plastic gas main line operated by the Company located at or near 4476 Oak Lane Drive, Virginia Beach, Virginia, while excavating;

(6) On or about August 15, 1997, Chesapeake Bay Contractors, Inc. damaged a two inch plastic gas main line operated by the Company located at or near 1268 Laskin Road, Virginia Beach, Virginia, while excavating;

(7) On or about August 19, 1997, M & S Communications damaged a three-quarter inch plastic gas service line operated by the Company located at or near 15456 Warwick Boulevard, Newport News, Virginia, while excavating; and

(8) The Company caused such damages by failing to mark the approximate horizontal location of the line on the ground to within two feet of either side of the underground utility line, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. 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 $5400 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

(2) Any fines paid in accordance with this Order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $5400 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970884
DECEMBER 8, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
BYERS ENGINEERING COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, §§ 56-265.14 et seq. of the Code of Virginia. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about June 14, 1996, Cross Country Cowboy, Inc. damaged a two inch plastic gas main line operated by Washington Gas Light Company located at or near 9901 Beach Mill Road, Great Falls, Virginia, while excavating;

(2) On or about March 27, 1997, Leo Construction damaged a three-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near 19879 Ridgecrest Square, Ashburn, Virginia, while excavating;

(3) On or about April 14, 1997, D & F Construction damaged a one-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near 13308 Haddock Road, Dale City, Virginia, while excavating;

(4) On or about April 21, 1997, Leo Construction damaged a two inch plastic gas main line operated by Washington Gas Light Company located at or near 13513 (Lot 66) Grouse Run Lane, Gainesville, Virginia, while excavating;

(5) On or about May 2, 1997, Flow Mole damaged a two inch plastic gas main line operated by Washington Gas Light Company located at or near 7550 Accotink Park Road, Fairfax, Virginia, while excavating;

(6) On or about April 25, 1997, Golden and Stafford Construction damaged a one inch plastic gas service line operated by Washington Gas Light Company located at or near 8194 Backlick Road, Newington, Virginia, while excavating;

(7) On or about June 16, 1997, Virginia Electric and Power Company damaged a four inch plastic gas main line operated by Washington Gas Light Company located at or near 2121 Woodford Road, Vienna, Virginia, while excavating;

(8) On or about June 23, 1997, Lisbon Concrete Corporation, Inc. damaged a one inch plastic gas service line operated by Washington Gas Light Company located at or near 3726 Mill Pond Court, Chantilly, Virginia, while excavating;

(9) On or about June 19, 1997, E & M Asphalt Maintenance Inc. damaged a three-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near 6027 Richmond Highway, Fairfax, Virginia, while excavating;

(10) On or about June 30, 1997, Casper Colosimo & Son, Inc. damaged a three-quarter inch steel gas service line operated by Washington Gas Light Company located at or near 8307 Botsford Court, Springfield, Virginia, while excavating;

(11) On or about June 27, 1997, A. M. Plumbing Service, Inc. damaged a one-half inch copper gas service line operated by Washington Gas Light Company located at or near 2336 North Filmore Street, Arlington, Virginia, while excavating;

(12) On or about July 25, 1997, Battlefield Utilities Inc. damaged a four inch plastic gas main line operated by Washington Gas Light Company located at or near 11662 Rumford Court, Woodbridge, Virginia, while excavating; and

(13) Beyers Engineering Company caused such damages by failing to mark the approximate horizontal location of the lines on the ground to within two feet, in violation of § 56-265.19 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. As an offer to settle all matters before the Commission arising from the Division's allegations made herein, the Company represents and undertakes that it will pay a civil penalty to the Commonwealth of Virginia in the amount of $8,600 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $8,600 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970885
DECEMBER 8, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
VIRGINIA ELECTRIC AND POWER COMPANY,
Defendant

ORDER OF SETTLEMENT

Pursuant to § 56-265.30 of the Code of Virginia, the Virginia State Corporation Commission ("Commission") is charged with enforcing the provisions of the Underground Utility Damage Prevention Act, §§ 56-265.14 et seq. of the Code of Virginia. The Commission's Division of Energy Regulation ("Division"), after having conducted an investigation of this matter, alleges that:

(1) On or about July 1, 1997, Virginia Electric and Power Company ("the Company") damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc. located at or near 1270 Rosefield Court, Norfolk, Virginia, while excavating;

(2) The Company caused such damage by failing to notify the notification center for the area, in violation of § 56-265.17 A of the Code of Virginia;

(3) On or about June 6, 1997, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near 10421 Vale Road, Oakton, Virginia, while excavating;

(4) The Company caused such damage by failing to wait at least forty-eight hours before commencing work, in violation of § 56-265.17 B of the Code of Virginia;

(5) On or about April 24, 1997, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near 9823 Bolton Village Court, Fairfax, Virginia, while excavating;

(6) On or about May 22, 1997, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near Lot 5, Nadia Loop, Woodbridge, Virginia, while excavating;

(7) On or about June 11, 1997, the Company damaged a five-eighths inch plastic gas service line operated by Virginia Natural Gas, Inc. located at or near 142 Menchville Road, Newport News, Virginia, while excavating;

(8) On or about June 10, 1997, the Company damaged a three-quarter inch steel gas service line operated by Virginia Natural Gas, Inc. located at or near 3104 Poplar Bend, Virginia Beach, Virginia, while excavating;

(9) On or about July 7, 1997, the Company damaged a one-half inch plastic gas service line operated by Virginia Natural Gas, Inc. located at or near 737 Denham Arch, Chesapeake, Virginia, while excavating;

(10) On or about July 9, 1997, the Company damaged a five-eighths inch plastic gas service line operated by Virginia Natural Gas, Inc. located at or near 3401 William Lee, James City County, Virginia, while excavating;

(11) On or about June 23, 1997, the Company damaged a three-quarter inch plastic gas service line operated by Washington Gas Light Company located at or near Lot 26, Runner Stone Place, Manassas, Virginia, while excavating; and

(12) The Company caused such damages by failing to take all reasonable steps to protect the underground utility lines, in violation of § 56-265.24 A of the Code of Virginia.

As evidenced in the attached Admission and Consent document, the Company neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order. 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 $6,150 to be paid contemporaneously with the entry of this Order. This payment will be made by cashier's check or money order, payable to the Treasurer of Virginia and directed to the attention of the Director of the Division of Energy Regulation.

(2) Any fines paid in accordance with this order shall not be recovered in the Company's rates as part of the cost of service. Any such fines shall be booked in Uniform System of Account No. 426.3. The Company shall verify its booking by filing a copy of the trial balance showing this entry with the Division of Public Utility Accounting.

The Commission, being advised by the Staff and finding sufficient basis herein for the entry of this Order, hereby accepts this settlement. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by § 12.1-15 of the Code of Virginia, the offer of settlement made by the Company be, and it hereby is, accepted.

(2) The sum of $6,150 tendered contemporaneously with the entry of this Order is accepted.

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

CASE NO. PUE970904
NOVEMBER 14, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

To revise its fuel factor pursuant to Virginia Code § 56-249.6

ORDER ESTABLISHING 1997-1998 FUEL FACTOR PROCEEDING

On October 31, 1997, Virginia Electric and Power Company ("Virginia Power" or "Company") filed with the Commission written testimony, exhibits, and proposed tariffs intended to decrease its zero-based fuel factor by $45.6 million. The Company requests that its present fuel factor of $0.01322 per kWh be replaced with a fuel factor of $0.01237 per kWh effective for usage on and after December 1, 1997.

The Commission, upon consideration of this matter, is of the opinion that a procedural schedule for this matter should be established. Virginia Power's proposed fuel factor of $0.01237 per kWh should become effective, as requested by the Company, for usage on and after December 1, 1997. Any potential adjustments required after the hearing on this matter may be reflected prospectively through the correction factor component of the fuel factor. Accordingly,

IT IS ORDERED THAT:

(1) A fuel factor of $0.01237 per kWh is hereby effective for usage on and after December 1, 1997. Any potential adjustments required after the hearing on this matter will be reflected prospectively through the correction factor component of the fuel factor.

(2) A hearing is hereby scheduled for 10:00 a.m. on January 15, 1998, in the Commission's second floor courtroom for the purpose of receiving evidence related to the establishment of Virginia Power's fuel factor for the twelve-month period commencing December 1, 1997, pursuant § 56-249.6 of the Code of Virginia.

(3) Virginia Power forthwith make copies of its application and prefiled testimony available for public inspection during regular business hours at all Company regional offices in Virginia.

(4) On or before December 11, 1997, any person desiring to participate as a Protestant as defined in SCC Rule 4:6 shall file with the Clerk of the State Corporation Commission, Document Control Center, P.O. Box 2218, Richmond, Virginia 23218, an original and twenty (20) copies of a Notice of Protest as provided in SCC Rule 5:16(a) and serve a copy on Virginia Power. (Service on Virginia Power shall be directed to: Pamela Johnson, Esquire, Virginia Electric and Power Company, P.O. Box 26666, Richmond, Virginia 23261).

(5) On or before December 15, 1997, each Protestant shall file an original and twenty (20) copies of a Protest (SCC Rule 5:16(b)) and of the prepared testimony and exhibits Protestant intends to present at the hearing and serve two (2) copies of each on Virginia Power and all other Protestants.

(6) On or before December 19, 1997, the Commission Staff shall investigate the reasonableness of Virginia Power's estimated costs and proposed fuel factor and file testimony with the Clerk, sending a copy to Virginia Power and each Protestant.

(7) On or before January 9, 1998, Virginia Power shall file with the Commission an original and twenty (20) copies of all testimony it expects to introduce in rebuttal to the direct prefiled testimony of both Staff and Protestants; additional rebuttal evidence may be presented by Virginia Power without prefiling, provided it is in response to evidence that was not prefiled but elicited at the hearing, and provided further the need for additional rebuttal is timely addressed by motion at the hearing, and leave is granted by the Commission. A copy of the prefiled rebuttal evidence shall be sent to all Protestants by Virginia Power.

(8) Discovery herein shall be conducted in accordance with Part IV of the SCC Rules, except that Virginia Power and Protestants shall respond to data requests within five (5) days. Objections to all data requests on any basis must be filed within five (5) days after receipt of the data request by the party to whom the data requests are directed. Any objection to data requests not timely raised may be subject to waiver.

(9) On or before November 24, 1997, Virginia Power shall serve a copy of this Order on the Commonwealth's Attorney and Chairman of the Board of Supervisors (or equivalent officials in counties having alternate forms of government in which the Company offers service, and on the mayor or manager of every city and town (or on equivalent officials of cities and towns having alternate forms of government) in which the Company offers service. Service shall be made by either personal delivery or by first-class mail to the customary place of business or the residence of the person served.

(10) On or before the commencement of the hearing scheduled herein, Virginia Power shall provide proof of service and notice as required in this Order.

CASE NO. PUE970949
DECEMBER 16, 1997

PETITION OF
VIRGINIA NATURAL GAS, INC.

For issuance of a certificate of public convenience and necessity

ORDER NUNC PRO TUNC

On November 24, 1997, Virginia Natural Gas, Inc. ("VNG" or "the Company") filed a petition with the State Corporation Commission ("Commission") requesting that the Commission issue an Order Nunc Pro Tunc, effective as of December 31, 1988, issuing to VNG a certificate of public convenience and necessity authorizing the Company to serve an area previously served by Suffolk Gas Corporation ("Suffolk Gas"). In support of its request, VNG states that the Commission issued an Order Granting Authority on December 29, 1988, in Case No. PUA880074, authorizing VNG and Suffolk Gas to transfer assets in connection with their merger. Order Paragraph 3 of the December 29, 1988 Order provides that

> [u]pon the issuance by the Commission of a certificate of merger authorizing the merger of Suffolk into VNG, the Commission shall enter an Order issuing to the surviving corporation under the name of Virginia Natural Gas, Inc. certificates of public convenience and necessity authorizing VNG to serve service areas heretofore served by Suffolk, subject to the conditions applicable to presently existing certificates of public convenience and necessity; . . .[1]

The Commission issued a certificate on December 31, 1988, authorizing the merger of Suffolk Gas into VNG. On April 26, 1989, the Commission issued its Dismissal Order in Case No. PUA880074.[2]

In its Petition, VNG alleges that an order issuing a certificate of public convenience and necessity authorizing VNG to serve the area previously served by Suffolk Gas cannot now be located. Further, according to the Company, the December 29, 1988 Order Granting Authority was to be served on

[1] Application of Virginia Natural Gas, Inc. and Suffolk Gas Corporation, For authority to transfer assets in connection with merger, Case No. PUA880074, 1988 S.C.C. Ann. Rept. 224, 225.

[2] Application of Virginia Natural Gas, Inc. and Suffolk Gas Corporation, For authority to transfer assets in connection with merger, Case No. PUA880074, Doc. Con. Center No. 890440192, slip op. at 1-2 (April 26, 1989 Dismissal Order).

VNG, Suffolk Gas, the Director of the Commission's Division of Accounting and Finance, and the Director of the Commission's Division of Energy Regulation. VNG asserts that the notice requirement applicable to this Petition has been fulfilled for both VNG and Suffolk Gas because VNG is the Petitioner and Suffolk Gas, having been merged into VNG, no longer exists. VNG requests that the Commission issue an Order Nunc Pro Tunc, dated contemporaneously with the certificate of merger, issued December 31, 1988, issuing to VNG a certificate of public convenience and necessity authorizing VNG to serve the area previously served by Suffolk Gas.

NOW, UPON CONSIDERATION of the foregoing, and after reviewing its records, the Commission is of the opinion and finds that VNG's Petition for an Order Nunc Pro Tunc should be granted; that the authority granted herein should relate back to the date of the certificate of merger, i.e., December 31, 1988; that VNG should be granted new Certificate of Public Convenience and Necessity No. G-11c authorizing the Company to serve the territory formerly served by Suffolk Gas; and that Suffolk Gas' Certificate of Public Convenience and Necessity No. G-11b should be canceled.

Accordingly, IT IS ORDERED THAT:

(1) VNG's Petition for an Order Nunc Pro Tunc is hereby granted.

(2) New Certificate of Public Convenience and Necessity No. G-11c shall be issued to Virginia Natural Gas, Inc. authorizing VNG to furnish gas service in the area outlined on the attached map of the City of Suffolk.

(3) Certificate of Public Convenience and Necessity No. G-11b issued to Suffolk Gas Corporation shall be canceled.

(4) There being nothing further to be done in this matter, this matter shall be dismissed and the papers filed herein made a part of the Commission's files for ended causes.

DIVISION OF ECONOMICS AND FINANCE

CASE NO. PUF900007
FEBRUARY 20, 1997

APPLICATION OF
SHENANDOAH TELEPHONE COMPANY

For authority to borrow from Rural Telephone Bank

ORDER EXTENDING AUTHORITY

By Commission Orders dated January 25, 1991 and February 27, 1995, Shenandoah Telephone Company was authorized to enter into a loan agreement to borrow up to $9,240,000 in long-term debt from the Rural Telephone Bank and the Rural Electrification Administration through December 31, 1996. To date, Applicant represents that it has borrowed $5,600,000 of the authorized $9,240,000.

By letter from counsel dated February 18, 1997, Applicant represents that RTB has recently informed Shenandoah that there is technically no expiration date on the loan commitment. Therefore, to gain authority to draw down the remaining $3,640,000 in loan proceeds, Applicant has requested that the authority to borrow these funds be extended until December 31, 1999.

THE COMMISSION, upon consideration of Applicant's request for an extension of authority, and having been advised by its Staff, is of the opinion and finds that approval of the requested extension of authority in this case will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) The authority to borrow the remaining $3,640,000 in RTB and REA long-term debt, under the terms and conditions and for the purposes as stated in the original application, be and hereby is extended to December 31, 1999.

2) Applicant shall file a Report of Action with the Commission on or before March 1 of 1998, 1999 and 2000, to include the amount of each advance in the prior calendar year with corresponding interest rates, the uses of each draw down and a balance sheet reflecting the action taken.

3) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

CASE NO. PUF930044
DECEMBER 16, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER

For authority to issue preferred stock

ORDER EXTENDING AUTHORITY

On October 7, 1993, Virginia Electric and Power Company ("Virginia Power" or "the Company") was granted approval to issue and sell one or more series of preferred stock ("New Preferred") in an aggregate principal amount of up to $100,000,000 through October 31, 1995. In its application, the Company proposed to issue the New Preferred as financial market conditions permitted. The proceeds from the sale of the New Preferred were to be used to refund higher cost preferred stock issues and to finance other capital requirements of the Company. The Company indicated that the dividend rates on each series of the New Preferred were to be established on a competitive or negotiated basis at the time of sale in accordance with conditions in the financial markets at the time of issuance. Dividends were to be paid quarterly.

By letter dated December 21, 1995, the Company requested an extension of two years for the authority granted in this case. At the time, Virginia Power stated that it had not issued any New Preferred pursuant to the authority granted in this case. On January 2, 1996, the Commission entered an order extending the authority granted in this case through October 31, 1997 and extending the final report date to December 29, 1997.

Now by letter dated December 5, 1997, Virginia Power requests an additional extension of authority to issue New Preferred under this case through October 31, 1999. The Company indicates that it has not issued any New Preferred under the authority granted in this case. The Company states that it will continue to comply with the reporting requirements in the Order dated October 7, 1993, but requests that the date for the Final Report of Action be extended for an additional two years.

THE COMMISSION, upon consideration of the matter, is of the opinion and finds that extending the authority in this case will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) The authority granted in Ordering paragraph one of the Commission's October 7, 1993 Order to issue up to $100,000,000 of New Preferred, under the terms and conditions and for the purposes set forth in the application, shall be and hereby is extended through October 31, 1999, provided that the issuance of refunding preferred stock results in cost savings to the Company.

2) The interim reporting requirements of the Commission's October 7, 1993 Order shall remain in effect.

3) Applicant shall file a Final Report of Action on, or before, December 29, 1999, to include all information required in Ordering paragraph 4 of the Commission's October 7, 1993 Order which incorporates actual expenses and fees paid for the proposed financings with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the Company's September 29, 1993 application.

4) This matter shall be continued, subject to the continuing review, audit and appropriate directive of the Commission.

CASE NO. PUF940004
JANUARY 21, 1997

APPLICATION OF
SOUTHSIDE ELECTRIC COOPERATIVE

For authority to incur short-term indebtedness

ORDER AMENDING AUTHORITY GRANTED

On April 22, 1994, the Commission issued an Order Granting Authority for Southside Electric Cooperative ("Southside" or "Applicant") to incur short-term indebtedness of up to $15,000,000. This authority was granted through the period ending April 30, 1999, under the terms and conditions and for the purposes set forth in the application.

By letter dated January 8, 1997, Southside requests that the authority in this case be amended to increase the aggregate amount of short-term indebtedness from $15,000,000 to $24,000,000. Applicant states that it has presently borrowed up to its $15,000,000 limit. Applicant further represents that additional short-term financing is needed to continue funding construction projects until Southside's pending long-term loans are released by the Rural Utilities Service ("RUS"). Based on information provided by RUS, Southside states that those funds are expected to become available in the first quarter of 1998.

THE COMMISSION, upon consideration of Applicants' request and having been advised by Staff, is of the opinion and finds that an Order Amending Authority Granted should be issued. Accordingly,

IT IS ORDERED THAT:

1) Southside is hereby authorized to incur short-term indebtedness in an aggregate amount up to $24,000,000 at any one time through April 30, 1999.

2) All other provisions of the April 22, 1994 Order shall remain in full force and effect.

CASE NO. PUF950001
FEBRUARY 7, 1997

APPLICATION OF
UNITED CITIES GAS COMPANY

For authority to issue and sell common stock and/or debt securities

ORDER GRANTING MOTION TO EXTEND TIME TO ISSUE SECURITIES

By order dated March 23, 1995, United Cities Gas Company ("Applicant" or "United") was granted authority to issue and sell up to $200,000,000 of secured or unsecured debt securities and/or common stock ("Securities") under the terms and conditions and for the purposes as set forth in the application. That authority was amended by Commission orders dated February 9, 1996 and March 21, 1996. Such authority was granted through March 31, 1997, approximately two years after the authorization date.

In a Motion filed on January 29, 1997, counsel for Applicant requests that the Commission extend the authority granted in the March 23, 1995 order. On August 26, 1996, United and Atmos Energy Corporation ("Atmos") filed a joint petition (pursuant to the Utilities Transfer Act) seeking Commission approval of a proposed merger of United into Atmos. Assuming Commission approval of the merger, United will cease to exist and Atmos will be the surviving corporation. Simultaneously with the effective date of the merger, United's universal shelf registration filing will automatically expire. Applicant states that only $46,666,868 of Securities have been issued through December 31, 1996. Because United does not anticipate depletion of the remaining amount prior to March 31, 1997, Applicant wishes to maintain access to the flexible financing authorized in the instant case beyond the original expiration date.

THE COMMISSION, upon consideration of the matter is of the opinion and finds that United's Motion should be granted. Extension of the authority granted in our March 23, 1995 order will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) United's Motion to extend time to issue securities be, and hereby is, granted.

2) United's authority to issue Securities, not to exceed the remaining approved principal amount of $153,333,132, under the terms and conditions and for the purposes as stated in the application, as amended, be extended to the earlier of a) December 31, 1997, or b) the effective date of the merger with Atmos.

3) All the requirements and guidelines prescribed in the orders dated March 23, 1995, February 9, 1996, and March 21, 1996, shall remain in full force and effect.

4) The date for filing a final report of action contained in ordering paragraph 5 of the Commission's March 23, 1995 order and ordering paragraph 4 of the February 9, 1996, order shall be extended to March 2, 1998.

5) This matter shall be continued subject to the continuing review, audit and appropriate directive of the Commission.

CASE NO. PUF950006
APRIL 21, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to issue debt securities

ORDER AMENDING AUTHORITY GRANTED

By order dated May 25, 1995, Virginia Electric and Power Company ("Applicant") was granted authority to issue and sell up to $500,000,000 in aggregate principal amount of First and Refunding Mortgage Bonds ("New Bonds") under the terms and conditions and for the purposes as set forth in the application. The authority was granted through May 31, 1997.

By letter dated April 3, 1997, Applicant requests that the Commission extend the time to issue any remaining New Bonds. Applicant represents that, as of April 1, 1997, only $200,000,000 of New Bonds have been issued. Applicant now requests an extension of the time to issue the remaining $300,000,000 of New Bonds for an additional two year period, through May 31, 1999.

Applicant's letter also described that the total amount of debt to be issued under this authority was understated by $75,000,000, the amount of unexpired authority from Case No. PUF930043. According to Applicant, the effective shelf-registration with the Securities and Exchange Commission ("SEC") is $575,000,000, the combined amount of both cases. Therefore Applicant stated that the aggregate principal amount of bonds to be issued in this case should be amended from $500,000,000 to $575,000,000.

THE COMMISSION, upon consideration of Applicant's request is of the opinion and finds that approval of the requested extension of time to issue the remaining $300,000,000 of New Bonds in this case will not be detrimental to the public interest. However, we are of the opinion that the $75,000,000 of unissued securities, authorized in Case No. PUF930043 and mentioned in our Dismissal Order in Case No. PUF930043 dated January 4, 1996, should not be added to the authority granted in herein. As indicated in the Company's final report of action in Case No. PUF930043, dated December 29, 1995, the remaining $75,000,000 in bonds was incorporated into the $500,000,000 principal amount originally granted in this case. Therefore, if Applicant wishes to issue the additional $75,000,000 of debt securities available under the SEC shelf registration, Applicant should file a separate application requesting such authority. Accordingly,

IT IS ORDERED THAT:

1) The authority granted in this case be amended so that Applicant may issue New Bonds up to an aggregate amount of $500,000,000 through May 31, 1999, under the terms and conditions and for the purposes as stated in the application, as modified herein.

2) All the requirements and guidelines prescribed in the May 25, 1995 Commission Order, shall remain in full force and effect, except as modified herein.

3) The date for filing a final report of action as contained in Ordering paragraph 8 of the Commission's May 25, 1995 Order shall be extended to July 31, 1999;

4) This matter shall be continued subject to the continuing review, audit and appropriate directive of the Commission.

CASE NO. PUF950019
FEBRUARY 27, 1997

APPLICATION OF
VIRGINIA GAS DISTRIBUTION COMPANY

For authority to incur indebtedness

DISMISSAL ORDER

By Commission Order dated November 3, 1995, Virginia Gas Distribution Company ("VGDC" or "Applicant") was authorized to borrow up to $2,900,000 from its parent company affiliate, Virginia Gas Company ("VGC"), in the form of a promissory note. VGDC was further authorized to loan a portion of the $2,900,000 proceeds to its affiliates, Virginia Gas Storage Company ("VGSC"), Virginia Gas Exploration Company ("VGEC"), Virginia Gas Pipeline Company ("VGPC"), and/or VGC. Applicant stated that VGC would receive the funds for the proposed financing from the issuance of up to $10,000,000 of Exempt Facility Revenue Bonds by the Industrial Development Authority of Russell County.

By Commission Order dated December 6, 1995, Applicant's authority was amended to permit funding of the proposed financing from the issuance of Exempt Facility Revenue Bonds ("the Bonds") from the Industrial Development Authority of Russell County and/or the Industrial County of Buchanan County. By Commission Order dated November 25, 1996, Applicant's authority was further amended to authorize VGDC to charge a reasonable fee for the recovery of administration costs on funds loaned to affiliates.

Applicant filed its Final Report on January 28, 1997. According to the information filed in Applicant's Final Report, the Industrial Development Authority of Buchanan County, Virginia, issued $3,750,000 of Series 1995 bonds on December 15, 1995. Applicant stated that actual issuance costs for the Bonds totaled $234,977. VGDC's allocated portion of issuance costs amounted to $57,585.

Using the funds provided by the issuance of the Bonds, VGC loaned $2,879,214 to VGDC, $842,697 to VGSC, and $28,089 to VGEC. VGDC subsequently loaned $1,000,000 to VGSC and $1,000,000 to VGPC. Based on the information contained within the Final Report, it appears that Applicant's borrowing from and lending to its affiliates was done in accordance with the authority granted. However, Applicant failed to fully comply with the reporting requirements set out in paragraph 6 of Commission's Order dated November 3, 1995, by not filing an interim report.

The Commission notes that Applicant is relatively new to the realm of public utility regulation. As such, Applicant's failure to comply with interim reporting requirements appears to be more of an oversight than repetitious and willful disregard for a Commission directive. Therefore, the Commission finds that no further action is warranted against Applicant in this matter. Nevertheless, Applicant should note that reporting requirements are as important as other provisions of Commission orders, and Applicant is admonished to fully comply with all reporting requirements in the future.

On consideration whereby, IT IS ORDERED that there appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUF950020
FEBRUARY 27, 1997

APPLICATION OF
VIRGINIA GAS STORAGE COMPANY

For authority to incur indebtedness

DISMISSAL ORDER

By Commission Order dated November 3, 1995, Virginia Gas Storage Company ("VGSC" or "Applicant") was authorized to borrow up to $847,000 from its parent company affiliate, Virginia Gas Company ("VGC"), in the form of a promissory note. VGSC was further authorized to borrow a portion of the $2,900,000 proceeds allocated to a sister affiliate, Virginia Gas Distribution Company ("VGDC"), by VGC. Applicant stated that VGC would receive the funds for the proposed financing from the issuance of up to $10,000,000 of Exempt Facility Revenue Bonds by the Industrial Development Authority of Russell County.

By Commission Order dated December 6, 1995, Applicant's authority was amended to permit funding of the proposed financing from the issuance of Exempt Facility Revenue Bonds ("the Bonds") from the Industrial Development Authority of Russell County and/or the Industrial County of Buchanan County. By Commission Order dated November 25, 1996, Applicant's authority was further amended to authorize VGDC to charge and VGSC to pay a reasonable fee for the recovery of administration costs on funds loaned to affiliates.

Applicant filed its Final Report on January 28, 1997. According to the information filed in Applicant's Final Report, the Industrial Development Authority of Buchanan County, Virginia, issued $3,750,000 of Series 1995 bonds on December 15, 1995. Applicant stated that actual issuance costs for the Bonds totaled $234,977. VGSC's allocated portion of issuance costs amounted to $16,854.

Using the funds provided by the issuance of the Bonds, VGC loaned $2,879,214 to VGDC, $842,697 to VGSC, and $28,089 to VGEC. VGDC subsequently loaned $1,000,000 to VGSC and $1,000,000 to VGPC. Based on the information contained within the Final Report, it appears that Applicant's borrowings from its affiliates was done in accordance with the authority granted. However, Applicant failed to fully comply with the reporting requirements set out in paragraph 6 of Commission's Order dated November 3, 1995, by not filing an interim report.

The Commission notes that Applicant is relatively new to the realm of public utility regulation. As such, Applicant's failure to comply with interim reporting requirements appears to be more of an oversight than repetitious and willful disregard for a Commission directive. Therefore, the

Commission finds that no further action is warranted against Applicant in this matter. Nevertheless, Applicant should note that reporting requirements are as important as other provisions of Commission orders, and Applicant is admonished to fully comply with all reporting requirements in the future.

On consideration whereby, IT IS ORDERED that there appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUF960020
JANUARY 16, 1997

APPLICATION OF
GTE SOUTH, INCORPORATED
and
GTE CORPORATION

For approval to borrow/invest short-term funds with affiliates

ORDER GRANTING AUTHORITY

On November 12, 1996, GTE South, Incorporated ("GTE South") and GTE Corporation ("GTE Corp"), (collectively, "Applicants"), filed a joint application under Chapter 4 of Title 56 of the Code of Virginia requesting authority to borrow/invest funds with affiliates under the Financial Policy and Standard Practice ("the Policy").

GTE South seeks permanent authority to avail itself of the Policy. The proposed borrowing and investing will be through GTE Corp's Borrowing and Investment Pool. Applicants most recently received Commission approval in Case No. PUF950024. This authority expired on December 31, 1996. The interest rate to be paid or received will be based upon GTE Corp's 30-day commercial paper rates plus related financing costs of 12 basis points. Applicants represent that they will monitor the capital markets to obtain the most attractive rates available. Applicants further represent that activities authorized under the Policy will not provide any subsidy to any non-regulated entity nor will it expose GTE South to any unnecessary business risk.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that permanent approval of the Financial Policy and Standard Practice will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) GTE South is hereby granted approval to borrow and/or invest short-term funds with GTE Corp under the Financial Policy and Standard Practice for the purposes and under the terms and conditions set forth in the application.

2) Should GTE South wish to borrow short-term debt in excess of 12% of total capitalization as defined in § 56-65.1 of the Code of Virginia, GTE South shall seek Commission approval.

3) Should any terms and conditions of the Financial Policy and Standard Practice change from those detailed in the application, Commission approval shall be required for such changes.

4) Approval of this application does not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

5) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the approval granted herein, pursuant to § 56-79 of the Code of Virginia.

6) Approval of this application shall have no implications for ratemaking purposes.

7) There appearing nothing further to be done, this matter is hereby dismissed.

CASE NO. PUF960027
FEBRUARY 5, 1997

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.

For approval to lend short-term funds to an affiliate

ORDER GRANTING AUTHORITY

On November 25, 1996, United Telephone-Southeast, Inc. ("United" or "Applicant"), filed an application under Chapter 4 of Title 56 of the Code of Virginia requesting authority to lend short-term funds to an affiliate, the total of such loans not to exceed $15,000,000 at any given time.

United seeks authority to lend short-term funds to Sprint Corporation ("Sprint"), its parent, and an affiliate as defined by § 56-76 of the Code of Virginia. Applicant most recently received Commission approval for similar transactions in Case No. PUA950059. This authority expired on December 31, 1996. The interest rate United will receive will be based upon the 30-day Commercial Paper Index, as published by the Federal Reserve,

plus 15 basis points, and will be payable monthly. Applicant states that it is a wholly-owned subsidiary of Sprint and requests that the agreement be approved for a one year period ending December 31, 1997.

In response to Staff's request, Applicant submitted certain information dated December 30, 1996, and January 17, 1997, relative to borrowings authorized pursuant to authority granted in Case No. PUA800063.

THE COMMISSION, upon consideration of the application, representations of the Applicant, and having been advised by its Staff, is of the opinion and finds that approval of the Chapter 4 application will not be detrimental to the public interest. It appears, however, based upon information provided to our Staff in responses dated December 30, 1996, and January 17, 1997, and in the report of action filed in Case No. PUA920033, that United has exceeded its authority for short-term borrowing granted in Case No. PUA800063.

We are of the opinion that it is appropriate for Applicant to file a new application for authority to continue to borrow from an affiliate. Such application should provide a detailed justification for the borrowing limit requested and the specific operational guidelines and/or procedures that Applicant has implemented to ensure future compliance with Chapter 3 authority. After United receives authority for such borrowings, we are of the opinion that the open-ended authority granted in Case No. PUA800063 should then be terminated. We place United on notice that future securities issuances will be stringently monitored by our Staff for compliance with Chapter 3 authority. Accordingly,

IT IS ORDERED THAT:

1) United is hereby granted approval to lend on open account up to $15,000,000 to Sprint, during the calendar year 1997, for the purposes and under the terms and conditions set forth in the application.

2) Should Applicant desire to continue such an arrangement beyond December 31, 1997, an application shall be filed with the Commission for subsequent approval at an appropriate time.

3) Applicant shall file, on or before February 28, 1998, a report of action taken in accordance with the authority granted herein; such report to include daily balances (by month) of monies advanced to or borrowed from Sprint, the interest rate on the balance, and a balance sheet dated December 31, 1997.

4) Approval of this application does not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

5) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the approval granted herein, pursuant to § 56-79 of the Code of Virginia.

6) Applicant shall file no later than March 31, 1997, a new application for authority to borrow short-term debt from an affiliate. The application shall also include a detailed cash-flow analysis justifying the level of short-term debt authority requested and specific operational guidelines and/or procedures that will assure full compliance with Chapter 3 authority.

7) Approval of this application shall have no implications for ratemaking purposes.

8) This matter be continued to March 10, 1998, subject to the continued review, audit and appropriate directive of the Commission.

CASE NO. PUF960028
FEBRUARY 4, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval to lend short-term funds to an affiliate

ORDER GRANTING AUTHORITY

On November 25, 1996, Central Telephone Company of Virginia ("Centel-Va" or "Applicant"), filed an application under Chapter 4 of Title 56 of the Code of Virginia requesting authority to lend short-term funds to an affiliate, the total of such loans not to exceed $30,000,000 at any given time.

Centel-Va seeks authority to lend short-term funds to Central Telephone Company ("Centel Corp."), its parent, and an affiliate as defined by § 56-76 of the Code of Virginia. Applicant most recently received Commission approval for similar transactions in Case No. PUA950057. This authority expired on December 31, 1996. The interest rate Centel-Va will receive will be based upon the 30-day Commercial Paper Index, as published by the Federal Reserve, plus 15 basis points, and will be payable monthly. Applicant states that it is a wholly-owned subsidiary of Centel Corp. and requests that the agreement be approved for a one year period ending December 31, 1997.

In response to Staff's request, Applicant submitted certain information dated December 30, 1996, and January 17, 1997, and telefaxed additional information on January 28, 1997, relative to borrowing authorized pursuant to authority granted in Case No. A-563, as amended.

THE COMMISSION, upon consideration of the application and representations of the Applicant, and having been advised by its Staff, is of the opinion and finds that approval of the Chapter 4 application will not be detrimental to the public interest. It appears, however, based upon information provided to our Staff in responses dated December 30, 1996, January 17, 1997, and January 28, 1997, that Centel-Va has exceeded its authority for short-term borrowing granted in Case No. A-563, as amended.

We are of the opinion that it is appropriate for Applicant to file a new application for authority to continue to borrow from an affiliate. Such application should provide a detailed justification for the borrowing limit requested and the specific operational guidelines and/or procedures that Applicant has implemented to ensure future compliance with Chapter 3 authority. After Centel-Va receives authority for such borrowings, we are of the opinion that the open-ended authority granted in Case No. A-563, as amended, should then be terminated. We place Centel-Va on notice that future securities issuances will be stringently monitored by our Staff for compliance with Chapter 3 authority. Accordingly,

IT IS ORDERED THAT:

1) Centel-Va is hereby granted approval to lend on open account up to $30,000,000 to Centel Corp., during the calendar year 1997, for the purposes and under the terms and conditions set forth in the application.

2) Should Applicant desire to continue such an arrangement beyond December 31, 1997, an application shall be filed with the Commission for subsequent approval at an appropriate time.

3) Applicant shall file, on or before February 28, 1998, a report of action taken in accordance with the authority granted herein; such report to include daily balances (by month) of monies advanced to or borrowed from Centel Corp., the interest rate on the balance, and a balance sheet dated December 31, 1997.

4) Approval of this application does not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

5) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the approval granted herein, pursuant to § 56-79 of the Code of Virginia.

6) Applicant shall file no later than March 31, 1997, a new application for authority to borrow short-term debt from an affiliate. The application shall also include a detailed cash-flow analysis justifying the level of short-term debt authority requested and specific operational guidelines and/or procedures that will assure full compliance with Chapter 3 authority.

7) Approval of this application shall have no implications for ratemaking purposes.

8) This matter be continued to March 10, 1998, subject to the continued review, audit and appropriate directive of the Commission.

CASE NO. PUF960029
FEBRUARY 4, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For approval to lend short-term funds to an affiliate

ORDER GRANTING AUTHORITY

On November 25, 1996, Central Telephone Company of Virginia ("Centel-Va" or "Applicant"), filed an application under Chapter 4 of Title 56 of the Code of Virginia requesting authority to lend short-term funds to an affiliate, the total of such loans not to exceed $30,000,000 at any given time.

Centel-Va seeks authority to lend short-term funds to Sprint Corporation ("Sprint"), an affiliate as defined by § 56-76 of the Code of Virginia. Applicant most recently received Commission approval for similar transactions in Case No. PUA950058. This authority expired on December 31, 1996. The interest rate Centel-Va will receive will be based upon the 30-day Commercial Paper Index, as published by the Federal Reserve, plus 15 basis points, and will be payable monthly. Applicant states that it is a wholly-owned subsidiary of Sprint and requests that the agreement be approved for a one year period ending December 31, 1997.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the Chapter 4 application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Centel-Va is hereby granted approval to lend on open account up to $30,000,000 to Sprint, during the calendar year 1997, for the purposes and under the terms and conditions set forth in the application.

2) Should Applicant desire to continue such an arrangement beyond December 31, 1997, an application shall be filed with the Commission for subsequent approval at an appropriate time.

3) Applicant shall file, on or before February 28, 1998, a report of action taken in accordance with the authority granted herein; such report to include daily balances (by month) of monies advanced to or borrowed from Sprint, the interest rate on the balance, and a balance sheet dated December 31, 1997.

4) Approval of this application does not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

5) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the approval granted herein, pursuant to § 56-79 of the Code of Virginia.

6) Approval of this application shall have no implications for ratemaking purposes.

7) This matter be continued to March 10, 1998, subject to the continued review, audit and appropriate directive of the Commission.

CASE NO. PUF960033
JANUARY 24, 1997

APPLICATION OF
LAKE MONTICELLO SERVICE COMPANY, INC.

For authority to issue debt

ORDER GRANTING AUTHORITY

On December 31, 1996, Lake Monticello Service Company, Inc. ("the Company" or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to borrow $450,000 in short-term debt from Jefferson National Bank ("Jefferson") to fund plant construction ("Construction Loan"), and to incur liabilities and obligations associated with a $1,950,000 consolidation loan with Jefferson ("the Consolidated Loan"). By letter dated January 21, 1997, Applicant amended its application and requested authority to allow short-term debt to exceed 12% of total capitalization as defined by § 56-65.1 of the Code of Virginia. Applicant has paid the requisite fee of $250.

Applicant proposes to borrow the $450,000 Construction Loan in the form of a commercial term loan in several draws during 1997. The funds will be used to finance the construction of a new water storage tank for chlorine treatment at the water plant, a new water intake system on the Rivanna River, and a new sewage pumping station. These improvements are required by the Virginia Department of Environmental Quality and must be completed by June 1997. During construction of the plant, interest charges will be at the prime rate and will be due monthly.

The Consolidated Loan will have a five year maturity, and principal payments will be based on a twenty year amortization. The interest rate will be 2.75% above the most recent monthly average of the one-year US Treasury securities rate as reported by the Federal Reserve Board. The interest rate will be adjusted annually on the anniversary date. The proceeds will be used to refinance the Construction Loan and one outstanding note authorized in Case No. PUF960007.

The Commission, upon consideration of the application, as amended, and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is authorized to borrow up to $450,000 from Jefferson National Bank, all in a manner, under the terms and conditions and for the purposes as set forth in the application, as amended.

2) Applicant is authorized to incur short-term debt in excess of 12% of total capitalization from the date of this order and prior to issuance of the Consolidated Loan, but not beyond September 30, 1997, without further approval.

3) Applicant is authorized to enter into obligations associated with the $1,950,000 Consolidated Loan to be issued in 1997 to Jefferson National Bank, all in a manner, under the terms and conditions and for the purposes as set forth in the application, as amended.

4) Applicant shall file no later than October 1, 1997, a report of action containing the total amount drawn, the monthly US Treasury rate on one-year securities, the interest rate in effect for the first year of the loan, the total legal and other related expenses incurred to date, and a balance sheet showing the impact of the Consolidated Loan transaction.

5) The approval of this application shall have no implications for ratemaking.

6) This matter shall be continued, subject to the continuing review, audit and appropriate directive of the Commission.

CASE NO. PUF970001
JANUARY 24, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to issue junior subordinated debentures

ORDER GRANTING AUTHORITY

On January 14, 1997, Virginia Electric and Power Company ("Virginia Power", "the Company") filed an application under Chapter 3 of Title 56 of the Code of Virginia for authority to issue junior subordinated debentures. The application was amended on January 16, 1997. The requisite fee of $250 has been paid.

Virginia Power proposes to issue up to $400 million of junior subordinated debentures in one or more series with maturities of one to forty (40) years. The proceeds may be used to refund outstanding debt as it matures and fund construction and other capital requirements. The interest rate on the debentures may be fixed or variable and will be determined at the time of issuance based on market conditions at the time.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that the approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Through February 28, 1999, Virginia Power is authorized to issue up to $400 million of junior subordinated debentures under the terms and conditions and for the purposes as stated in the application.

2) Virginia Power shall promptly file a copy of the Securities and Exchange Commission Form S-3 in connection with the shelf registration of the debentures.

3) Within 10 days of the issuance of any debentures pursuant to this order, Virginia Power shall file a preliminary report of action to include the issuance date, amount, interest rate, maturity date, redemption provisions, and the spread over Treasury securities of comparable maturity.

4) Within 60 days after the end of each calendar quarter in which any debentures are issued, Virginia Power shall file a more detailed report of action to include the issue date, amount of issue, interest rate, maturity date, redemption provisions, spread over Treasury securities of comparable maturity, itemized list of expenses to date associated with the issue, net proceeds, balance remaining on shelf registration to be issued, a list of all contracts and agreements executed in connection with the issuance, and a balance sheet reflecting the action taken.

5) Virginia Power shall file a final report of action on or before April 30, 1999, including all information required in ordering paragraph (4) which incorporates then-current actual expenses and fees paid in connection with the proposed financing with an explanation of any variances from the original estimate of expenses.

6) Approval of this application shall have no implications for ratemaking purposes.

7) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUF970002
APRIL 4, 1997

APPLICATION OF
SHENANDOAH TELEPHONE COMPANY
and
SHENANDOAH TELECOMMUNICATIONS COMPANY

For authority to make loans to parent

ORDER GRANTING AUTHORITY

On January 13, 1997, Shenandoah Telephone Company ("Shenandoah Telephone") and its parent, Shenandoah Telecommunications Company ("Telecommunications"), filed an application under Chapter 4 of Title 56 of the Code of Virginia (the Public Utilities Affiliates Act) requesting authority for Shenandoah Telephone to make loans to an affiliate.

In its original application, Shenandoah Telephone proposed to make short-term loans to Telecommunications and its subsidiaries as necessary up to a maximum outstanding amount of $2,000,000 through December 31, 1997. On March 6, 1997, Shenandoah Telephone and Telecommunications filed a revision to the original application requesting that the authority be granted through December 31, 1998.

Shenandoah Telephone represents that the proposed transactions may occur when it has excess funds and Telecommunications and its subsidiaries have the need for funds. Shenandoah Telephone indicates that any such loans would be evidenced by promissory notes of Telecommunications. Notes maturing less than twelve months after the date of issuance would bear interest payable monthly at a rate no less than the New York prime rate as published in the Wall Street Journal. Notes with maturities greater than one year would bear interest at a rate no less than a Treasury security with a comparable maturity.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Shenandoah Telephone is hereby authorized to make short-term loans to Telecommunications and its subsidiaries as necessary up to a maximum outstanding amount of $2,000,000 through December 31, 1998.

2) Approval of this application shall have no implications for ratemaking purposes.

3) The authority granted herein shall not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

4) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein, pursuant to § 56-79 of the Code of Virginia.

5) On or before March 31, 1998 and March 31, 1999, Shenandoah Telephone shall file with the Commission a report pursuant to this Order to include: a schedule of each loan made to Telecommunications or its subsidiaries during the previous calendar year showing the date of the note, amount, maturity, actual interest rate, comparable prime rate or Treasury rate, and use of loan proceeds; a copy of one of the promissory notes; and a balance sheet reflecting the actions taken.

6) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUF970003
FEBRUARY 21, 1997

APPLICATION OF
APPALACHIAN POWER COMPANY
and
AMERICAN ELECTRIC POWER COMPANY, INC.

For approval of affiliate transactions

ORDER GRANTING AUTHORITY

On February 7, 1997, Appalachian Power Company ("Apco") and American Electric Power Company, Inc. ("AEP") (collectively, "Applicants") filed an application under Chapter 4 of Title 56 of the Code of Virginia for approval of affiliate transactions.

AEP has proposed an Offer to Purchase and Proxy Statement ("Tender Offer") by which AEP will offer to purchase for cash any and all outstanding shares of cumulative preferred stock of Apco, specifically $30,000,000 of 4 1/2% Series, $50,000,000 of 5.90% Series, $60,000,000 of 5.92% Series, $30,000,000 of 6.85% Series, and $50,000,000 of 7.80% Series. Upon completion of the Tender Offer, Apco will reimburse AEP for all preferred shares purchased and actual costs incurred connected with the Tender Offer. Apco will finance the reimbursement with a combination of short-term debt and junior subordinated debt. The junior subordinated debt would be issued under authority granted in Case No. PUF960032, order dated December 20, 1996. When the preferred shares are repurchased from AEP, Apco is expected to retire and cancel the preferred shares. Apco states that the refinancing will be carried out in compliance with requirements set out in Case No. PUF960032.

The Commission, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Apco is authorized to purchase the preferred shares from AEP (obtained through the Tender Offer) at their cost plus expenses incurred by AEP, all in a manner, under the terms and conditions and for the purposes as set forth in the application.

2) Applicants shall file no later March 10, 1997, a preliminary report of action containing the results of the Tender Offer and the outcome of the vote on the Amendment to Apco's debt limitation.

3) Applicants shall file no later June 30, 1997, a final report of action containing the amount of each series of Apco's cumulative preferred stock purchased, a detailed accounting of the actual expenses incurred as a result of the Tender Offer, a summary table of expenses allocated to each operating utility, a schedule of dates and amounts of securities issued to reimburse AEP for purchasing the preferred stock under the Tender Offer, and an Apco balance sheet showing the impact of the transactions.

4) The approval granted herein shall not preclude the Commission from exercising the provisions of § 56-78 and § 56-80 of the Code of Virginia.

5) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission, pursuant to § 56-79 of the Code of Virginia hereafter.

6) The approval of this application shall have no implications for ratemaking.

7) This matter shall be continued, subject to the continuing review, audit and appropriate directive of the Commission.

CASE NO. PUF970004
MARCH 10, 1997

APPLICATION OF
ATMOS ENERGY CORPORATION

For authority to incur short-term indebtedness and guarantee loan of an affiliate

ORDER GRANTING AUTHORITY

On February 14, 1997, Atmos Energy Corporation ("Atmos" or "Applicant") filed an application with the Commission under Chapter 3 of Title 56 of the Code of Virginia for authority to incur short-term indebtedness. The amount of short-term debt proposed in this application is in excess of twelve percent of capitalization as defined in § 56-65.1. Applicant filed an amendment to the application on February 27, 1997, requesting Chapter 4 approval to guarantee the debt of an affiliate. Applicant has paid the requisite fee of $250.

Atmos requests authority to borrow up to $234,000,000 of short-term debt during calendar year 1997. United Cities Gas Company ("United Cities") and Atmos intend to merge during 1997, with Atmos being the surviving entity. Atmos and United Cities received Commission approval to effect the merger in Case No. PUE960232, order dated February 21, 1997. Once all necessary regulatory approvals are obtained, Atmos will file to become a Virginia public service company operating a retail natural gas system.

Applicant proposes to borrow the short-term funds by making draw-downs under Master Note arrangements already in place with several banks. Under the Master Note agreements, the interest rates are required to be either negotiated or the equivalent of the then-prevailing prime commercial lending rate at the time of the draw-down, with principal and interest paid on a set maturity date.

In addition, Applicant requests authority to borrow and/or lend short-term debt among it and its subsidiaries up to a maximum of $20,000,000 outstanding at any one time, for maturity periods of less than twelve months. The interest rates on the affiliate transactions will be equal to the average of the prime rate and the rate available to the lending company as an alternative investment rate for a similar amount and term but, in no case, will the rate be less than the cost of those funds to the lending company.

Applicant states that the funds will provide for maximum peak-day gas purchasing, for increased working capital and for the construction, extension, improvement and/or additions to its facilities until financial market conditions are appropriate for entering into long-term financing arrangements.

Finally, upon completion of the merger, Applicant requests authority to continue to guarantee payment on a $10,000,000 short-term Master Note entered into by its wholly-owned subsidiary, Enermart, Inc.

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 as amended will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to issue short-term debt in excess of twelve percent of capitalization in an aggregate amount outstanding not to exceed $234,000,000 at any one time, from the effective date of the merger with United Cities through December 31, 1997, under the terms and conditions and for the purposes set forth in the application, as amended.

2) Applicant is hereby authorized to lend and borrow short-term debt among it and its subsidiaries up to an aggregate amount of $20,000,000 from the effective date of the merger with United Cities through December 31, 1997, under the terms and conditions and for the purposes set forth in the application, as amended.

3) Applicant is hereby authorized to continue to guarantee payment of the $10,000,000 Master Note of Enermart, Inc., from the effective date of the merger with United Cities, under the terms and conditions and for the purposes set forth in the application, as amended.

4) Applicant shall file on or before August 15, 1997, November 15, 1997, and February 15, 1998, reports regarding short-term debt financing of the previous quarter to include the date, amount, interest rate of each draw-down, interest coverage ratios calculated in accordance with Applicant's indenture agreement, the use of the proceeds, the average monthly balances, the monthly maximum amount outstanding, the associated costs, and a balance sheet reflecting actions taken as well as a report describing the source, amount, date, interest rate and the schedule of repayment for each affiliate loan/borrowing.

5) The authority granted herein shall not preclude the Commission from applying the provisions of 56-68 and 56-80 of the Code of Virginia hereafter.

6) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein, pursuant to 56-79 of the Code of Virginia.

7) The authority granted herein shall have no implications for ratemaking purposes.

8) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

CASE NO. PUF970005
MARCH 26, 1997

APPLICATION OF
SOUTHWESTERN VIRGINIA GAS COMPANY

For authority to issue long-term debt

ORDER GRANTING AUTHORITY

On March 3, 1997, Southwestern Virginia Gas Company ("Applicant") filed an application with the Commission under Chapter 3 of Title 56 of the Code of Virginia for authority to issue long-term debt. Applicant has paid the requisite fee of $250.

Applicant requests authority to borrow up to $1,000,000 through a revolving credit facility ("the Facility") with NationsBank in the form of a first mortgage note ("the Note"). The interest rate will be floating based upon the prime rate or the one-year London InterBank Offered Rate ("LIBOR") plus 150 basis points. Applicant states that the Facility will provide a vehicle to meet projected financing needs over the next ten years in a cost effective manner. During 1997, Applicant expects to issue $250,000 of long-term debt with an initial maturity of three years. Applicant states that the funds will be used to extend and enhance the reliability of the utility facilities in its Martinsville service territory.

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. However, the Commission is of the opinion and finds that the authority to borrow under the Facility should be limited to five years from the date of this order. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to issue long-term debt up to $1,000,000 to NationsBank through the revolving credit facility, under the terms and conditions and for the purposes set forth in the application, for a period ending five years from the date of this order.

2) Applicant shall file within 15 days after any note is issued under this authority, a preliminary report of action to include the date, amount, interest rate option selected.

3) Applicant shall file on or before March 15, 2002, a final report of action to include the date, amount, interest rate option selected, a schedule of interest rates applicable for each note during each year, a schedule of issuance costs paid to date and an explanation of an variance with the expenses contained in the financing summary contained in the application, and a balance sheet reflecting actions taken.

4) The authority granted herein shall have no implications for ratemaking purposes.

5) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

CASE NO. PUF970006
MARCH 26, 1997

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY

For authority to issue tax-exempt debt securities

ORDER GRANTING AUTHORITY

On March 3, 1997 Virginia Electric and Power Company ("Virginia Power", "the Company") filed an application under Chapter 3 of Title 56 of the Code of Virginia for the issuance of up to $10 million of tax-exempt Solid Waste and Sewage Disposal Revenue Bonds ("the Bonds"). The requisite $250 fee has been paid.

The Bonds will be issued through the Industrial Development Authority of the Town of Louisa, Virginia. The proceeds will be used to reimburse Virginia Power for the cost of previously-constructed pollution control facilities.

Several interest rate options will be available for the Bonds. Initially, the Bonds are expected to carry a fixed rate for a period of five years. Thereafter, the Company may select either fixed or variable rates for varying maturities. The final maturity date of the Bonds is expected to be in the year 2022.

The Commission, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Virginia Power is hereby authorized to enter into transactions relating to the issuance of up to $10 million of tax-exempt Solid Waste and Sewage Disposal Revenue Bonds through May 31, 1997, for the purposes and under the terms and conditions as described in the application.

2) Within ten days after any debt is issued pursuant to this Order, the Company shall file a preliminary Report of Action containing the issue and maturity dates, amount issued, price to public, interest rate, and net proceeds to Applicant.

3) On or before September 30, 1997, the Company shall file a detailed Report of Action containing the issue and maturity dates, amount issued, interest rate, redemption provisions, underwriters' fees and other issuance expenses to date, a list describing all filings, contracts or agreements in conjunction with the issuance, and a balance sheet reflecting the actions taken.

4) Approval of this application shall have no implications for ratemaking purposes.

5) This matter shall be continued, subject to the continuing review, audit and appropriate directive of the Commission.

CASE NO. PUF970007
MAY 20, 1997

APPLICATION OF
DELMARVA POWER AND LIGHT COMPANY

For approval of transactions under, or exemptions from, Chapter 3 and Chapter 4 of Title 56 of the Code of Virginia

ORDER GRANTING AUTHORITY

On March 3, 1997, Delmarva Power and Light Company ("Delmarva" or the "Applicant") filed an application in conjunction with Delmarva Capital Investments, Inc. ("DCI"), Service Confidence, Inc. ("SCI"), and Conectiv Communications, Inc. ("CCI") (collectively "Affiliates") for authority under, or exemptions from, Chapters 3and 4 of Title 56 of the Code of Virginia for transactions described in the application. Applicant completed its application on March 27, 1997 by paying the requisite fee of $250.

The transactions outlined in the application include the aggregate investment of up to $259,000,000, from Delmarva's retained earnings, in Affiliates and any Energy Trading ("ET") or Mechanical Engineering ("ME") subsidiary or affiliate that may be acquired. In addition, Delmarva proposes that it have the flexibility to make, extend, or renew loans to Affiliates, inclusive of any acquired ET or ME affiliate, or assume the obligations of one or more of them as guarantor, endorser, surety, or otherwise up to an aggregate amount of $25,000,000. As described in the application, Delmarva proposes to make the proposed Affiliate capital contributions through the end of 1998. Delmarva proposes that authority to extend loans to Affiliates or guarantee the debt of Affiliates extend for a two-year period from the date of the Commission's Order in this case.

THE COMMISSION, upon consideration of the application and and applicable law, is of the opinion that Chapter 3 and Chapter 4 approval is not required for Delmarva's initial investment from retained earnings. Approval of additional investment is required pursuant to Chapter 4 of Title 56 of the Code of Virginia ("Code"). We will not exempt Delmarva from obtaining such approval pursuant to § 56-77B. We will, however, approve those transactions pursuant to the Chapter 4 as such approval will not be detrimental to the public interest.

We will grant Applicant authority pursuant to Chapter 3 of Title 56 of the Code to make, extend, or renew loans to Affiliates or assume obligations of Affiliates and any direct or indirect subsidiary in an aggregate amount not to exceed $25,000,000. Such authority will be granted through May 31, 1999. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to invest up to $259,000,000 from retained earnings all in a manner, under the terms and conditions, and for the purposes as set forth in the application through December 31, 1998.

2) Applicant is hereby authorized to make, extend, or renew loans to Affiliates or assume the obligations of Affiliates, and any direct or indirect subsidiary as described in the application, up to an aggregate amount not to exceed $25,000,000 through May 31, 1999.

3) Applicant shall submit a report of action, on or before March 1, of 1998 and 1999, that outlines any transactions authorized in Ordering Paragraph 1, to include: the amount, the date, and the affiliate.

4) Applicant shall submit a report within 30 days after the consummation of any affiliate transaction authorized in Ordering Paragraph 2, concluding with a final report on or before June 30, 1999, to include: the principal amount, the nominal and effective interest rates when applicable, the date, the affiliate name, and any evidence substantiating that such transaction was made on commercially reasonable terms with no subsidization received by the affiliate.

5) The authority granted herein shall have no ratemaking implications.

6) Separate authority shall be required for any affiliate transactions not set forth in the application.

7) The authority granted herein shall not preclude the Commission form exercising the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

8) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUF970008
MAY 23, 1997

APPLICATION OF
DELMARVA POWER AND LIGHT COMPANY

For authority to issue and sell common stock and/or preferred stock and/or debt securities

ORDER GRANTING AUTHORITY

On March 31, 1997, Delmarva Power and Light Company ("Applicant" or the "Company") filed an application for authority under Chapter 3 of Title 56 of the Code of Virginia to issue up to $250,000,000 in any combination of the Company's common stock, par value $2.25 per share (the "Common Stock"), and/or preferred stock, par value $100 per share, and/or preferred stock, par value $25 per share (collectively, the "Preferred Stock"), and/or secured or unsecured debt securities (the "Debt Securities" and, together with the Common Stock and Preferred Stock, the "Proposed Securities") through May 1, 1999. With its application, Applicant paid the requisite fee of $250.

Applicant further requests authority for the Debt Securities to be comprised of First Mortgage Bonds, which may be designated as Secured Medium-Term Notes, issued under the Company's Mortgage and Deed of Trust (the "Bonds"), and/or unsecured Medium-Term Notes (the "Notes"), not to exceed a maximum aggregate amount of $250,000,000. Applicant plans to issue the Debt Securities with maturities ranging from 9 months to 40 years. Applicant requests broad flexibility regarding the actual terms and conditions of the Proposed Securities to accommodate prevailing market conditions at the time of issuance.

The proceeds from the issuance and sale of the Proposed Securities will be added to the Company's general funds and used to finance the Company's capital requirements, to refund all or a portion of one or more series of the Company's outstanding securities, to reduce short-term debt, to finance acquisitions of other entities or facilities, for maintenance of service and other proper corporate purposes. To the extent the proceeds are not immediately so used, they may be invested temporarily in short-term interest bearing obligations.

THE COMMISSION, upon consideration of the application and having been advised by Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. The Commission notes that the Company's application does not set forth, as a term or condition, the issuance of any Proposed Securities to a parent company or other affiliate, should its pending merger in Case No. PUA970008 be authorized. The Commission is of the further opinion and finds that, if the Company desires such affiliate financing authority, the Company should request such authority in a separate application. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to issue and sell any combination of additional Common Stock, Preferred Stock, and Debt Securities up to an aggregate maximum of $250,000,000 through May 1, 1999, all in a manner, under the terms and conditions, and for the purposes as set forth in the application, provided that any Debt Securities issued to refund outstanding securities results in cost savings to Applicant.

2) The effective interest rate, after consideration of all issuance costs, on any Debt Securities issued under the authority granted herein shall not exceed 200 basis points above the yield on a United States Treasury Security of comparable maturity.

3) Applicant shall submit a Preliminary Report within 7 days after the issuance of any Proposed Securities pursuant to this Order to include the date of issuance, type of security, amount issued, interest rate, and proceeds to the Company.

4) Within sixty (60) days after the end of each calendar quarter through the quarter ending March 31, 1999, in which any Proposed Securities are issued pursuant to this Order, Applicant shall file a more detailed report with respect to all Proposed Securities sold during the calendar quarter to include:

(a) A list of agreements executed for the purpose of issuing Proposed Securities;

(b) The issuance date, type of security, amount issued, interest or dividend rate, price, comparable term Treasury yield (or interpolated yield) at the time of issuance, date of maturity, underwriters' names, underwriters' fees, other issuance expenses to date, and net proceeds to Applicant, as each term may be applicable to the particular issuance;

(c) The cumulative principal amount of Proposed Securities issued under the authority granted herein, and the amount remaining under the authority for issuance;

(d) A general statement of the purposes for which the Proposed Securities were issued, and if the purpose is for the early redemption of an outstanding issue, a schedule showing any associated losses on reacquired debt along with a calculation of the refunding issue's effective cost rate after inclusion of any related losses on reacquired debt, and overall cost savings from the refunding; and

(e) A balance sheet that reflects the change in capital structure due to the securities issued.

5) Applicant shall file a final Report of Action or before July 31, 1999, to include all information required in Ordering Paragraph 5 with respect to any Proposed Securities issued during the period from March 31, 1999 through May 1, 1999, and a detailed account of all the expenses and fees paid to date for all Proposed Securities issued.

6) Approval of the application shall have no implications for ratemaking purposes.

7) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUF970009
MAY 9, 1997

APPLICATION OF
PEOPLES MUTUAL TELEPHONE COMPANY

For authority to guarantee payment on several affiliate agreements, to transfer assets and assign obligations to an affiliate

ORDER GRANTING AUTHORITY

On April 1, 1997, Peoples Mutual Telephone Company ("Peoples Mutual" or "Applicant") filed an application with the Commission under Chapter 3 of Title 56 of the Code of Virginia for authority to guarantee a total of $800,000 on two loans. On April 14, 1997, Applicant filed an application under Chapter 4 of Title 56 for authority to transfer certain assets to Peoples Mutual Services Company ("Peoples Services"), a wholly owned subsidiary. In a letter dated April 22, 1997, counsel for Applicant requested consolidation of the filings by treating the Chapter 4 application ("the Amendment") as an amendment to the Chapter 3 application ("the Application"). Applicant has paid the requisite fee of $250.

Applicant has joined MGW Communications, Inc., Buggs Island Telephone Cooperative, Highland Telephone Cooperative, Hardy Telecommunications Company, North River Telephone Cooperative, Pembroke Telephone Cooperative, New Hope Telephone Company, CFW Communications Company and R&B Communications, Inc. (Collectively, "Member Companies") in forming a limited liability company, Virginia PCS Alliance, L.C. ("PCS Alliance"). The purpose of the PCS Alliance is to operate Personal Communications Service ("PCS") systems in Virginia. In order to finance the build-out and operation of PCS systems, as well as the purchase of equipment and provide for working capital, PCS Alliance has entered into two loan agreements with Rural Telephone Finance Cooperative ("RTFC") in the amounts of $75,000,000 ("Primary Loan"), and $10,000,000 ("Supplemental Loan"). As a condition of these loan agreements, RTFC requires that each Member Company execute a guaranty as security for the loan payments on a pro-rata basis. Accordingly, Applicant requests approval to guarantee payment of $553,846 on the Primary Loan and $246,154 on the Supplemental Loan, for a total of $800,000.

As an additional incentive to induce RTFC to issue the loans, Motorola, Inc. ("Motorola"), has also agreed to provide financing to PCS Alliance in the form of an additional guaranty on the Primary Loan. As a condition precedent to the guaranty by Motorola, the Member Companies and the PCS Alliance have entered into a Reimbursement and Security Agreement (Exhibit B of the Application). In the event Motorola is required to perform any obligations pursuant to its guaranty of the PCS Alliance/RTFC Primary Loan, Member Companies will reimburse Motorola for any payments made. Applicant's pro-rata share would be $553,846. This reimbursement is not over and above the guarantee on the Primary Loan, but is rather a guarantee of either the PCS Alliance or Motorola.

Applicant also requests authority to transfer its ownership interest of the PCS Alliance to Peoples Services. As of December 31, 1996, Peoples Mutual had $4,891,655.31 in loan principal borrowed from the Rural Utility Service ("RUS"). As a condition of all RUS loans, RUS has a lien on all existing and after acquired property owned by Applicant. In order for the PCS Alliance to pledge unencumbered assets to RTFC as collateral for the loans, Peoples Mutual must transfer its ownership interest to Peoples Services. Applicant's investment in the PCS Alliance was $600,000 as of December 31, 1996. The asset transfer would be made at book value.

All Member Companies have made initial equity contributions to the PCS Alliance. Each Member Company expects to commit to purchase additional ownership in the PCS Alliance over the next four years, as described in the Subscription Agreement (Exhibit C of the Amendment). Applicant intends to assign its subscription obligations to Peoples Services (Exhibit D of the Amendment). The additional investment amounts are expected to be $74,000 in January of 1998, $123,000 in January of 1999, 2000, and 2001, for a total of $443,000. Securities received in exchange for cash tendered by Peoples Services will be Class A Common Units or Series B Preferred Units, and the number of units will be determined based upon the fair market value of a unit as defined in the PCS Alliance's Operating Agreement (Exhibit B of the Amendment).

THE COMMISSION, upon consideration of the application, as amended, and having been advised by its Staff, is of the opinion and finds that approval of the application, as amended, will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to guarantee payment of two loans obtained by PCS Alliance from RTFC up to $800,000, under the terms and conditions and for the purposes as set forth in the application, as amended.

2) Applicant is also authorized to guarantee payment on the Primary Loan if Motorola is required to make payments to RTFC pursuant to Motorola's guaranty, up to $553,846, under the terms and conditions and for the purposes as set forth in the application, as amended.

3) Applicant is authorized to transfer ownership interest in the PCS Alliance to Peoples Mutual Services at book value, all in a manner, under the terms and conditions and for the purposes as set forth in the application, as amended.

4) Should terms or conditions of any guaranty change from those contained in the application, as amended, Applicant shall be required to obtain Commission approval for such changes.

5) The approval granted herein shall not preclude the Commission from exercising the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

6) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission, pursuant to § 56-79 of the Code of Virginia.

7) Applicant shall file no later than December 31, 1997, a report of action with the Commission's Division of Economics and Finance containing the elected officers of Peoples Mutual Services, the date of RTFC loan closing, the interest rate option chosen (fixed or variable), and the index and interest rate in effect at the time of the loan closing.

8) The authority granted herein shall have no implications for ratemaking purposes.

9) There appearing nothing further to be done in this matter it is hereby dismissed.

CASE NO. PUF970010
JUNE 10, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For authority to incur short-term indebtedness with banks or affiliates

ORDER GRANTING AUTHORITY

On April 2, 1997, Central Telephone Company of Virginia ("Applicant" or "the Company") filed an application under Chapters 3 and 4 of Title 56 of the Code of Virginia for authority to issue up to $60,000,000 of short-term debt with banks or an affiliate, through December 31, 1998. The proposed amount of short-term debt is in excess of 12% of total capitalization as defined in §56-65.1. On April 21, 1997, Applicant filed additional information required to make the application complete. Applicant has paid the requisite fee of $250.

Applicant currently has authority to incur up to $30,000,000 of short-term debt with banks or its affiliates. This authority was granted in Case No. A-563, by Commission Order dated April 18, 1977. The authority was amended by Commission Orders dated December 9, 1977, and December 16, 1982 (Case No. PUA820093).

Applicant intends to borrow short-term debt through notes with banks or short-term advances from Sprint or Sprint affiliates. Applicant states that the funds will be used to finance its ongoing construction program, working capital requirements, and for other proper corporate purposes.

In its Action Brief filed in this case, Staff noted that the Company was granted authority to lend to an affiliate in Case No. PUF960028. Staff also noted that this authority expires December 31, 1997 In its Action Brief, Staff recommends that future applications to borrow and lend to affiliates be combined.

THE COMMISSION, upon consideration of the application and representations by Applicant, and having been advised by Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. However, Staff alleges that Applicant has violated the provisions of Chapters 3 and 4 of Title 56 of the Code of Virginia by issuing short-term debt to an affiliate in excess of the limit authorization in Case No. A-563. In light of these allegations, the Commission is of the further opinion that authority granted herein should be limited to a period ending December 31, 1997. Should the Company need to borrow short-term debt in excess of 12% of total capital beyond December 31, 1997, it should file an application seeking such authority. In addition, in order to better monitor the Company's short-term cash needs, future applications to incur short-term indebtedness should be combined with applications to lend short-term funds to affiliates. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to issue short-term debt in excess of 12% of total capitalization as defined by § 56-65.1 of the Code of Virginia in an aggregate amount outstanding not to exceed $60,000,000 at any one time, to banks, Sprint or Sprint affiliates, through the period ending December 31, 1997, under the terms and conditions and for the purposes set forth in the application.

2) The authority granted in Case No. A-563 is hereby terminated and superseded by the authority granted herein.

3) Applicant shall file reports of action on or before July 15, 1997, October 15, 1997, and January 15, 1998, for each preceding three-month period regarding short-term debt borrowings to include the daily outstanding balance and interest rate, comparison bank rate of interest (if not chosen), along with information concerning the average monthly balance, the maximum aggregate amount outstanding each month, use of the proceeds, and any expenses or fees paid in connection with the short-term debt, and a balance sheet for the end of the preceding quarter.

4) Approval of this application does not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

5) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the approval granted herein, pursuant to § 56-79 of the Code of Virginia.

6) Approval of this application shall have no implications for ratemaking purposes.

7) Any future applications requesting authority to incur short-term indebtedness in excess of 12% of total capitalization as defined in § 56-65.1 shall be combined with applications to lend short-term funds to an affiliate. If such approval is needed for 1998, the Company shall file on or before October 31, 1997, for such approval. Said application shall include the current targets for the mix of short-term and long-term debt to be used to finance capital improvements and working capital needs in light of the Company's dividend policy.

8) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUF970011
JUNE 10, 1997

APPLICATION OF
UNITED TELEPHONE SOUTHEAST, INC.

For authority to incur short-term indebtedness with banks or affiliates

ORDER GRANTING AUTHORITY

On April 2, 1997, United Telephone Southeast, Inc. ("Applicant" or "the Company") filed an application under Chapters 3 and 4 of Title 56 of the Code of Virginia for authority to issue up to $40,000,000 of short-term debt with banks or affiliates through December 31, 1998. The proposed amount of short-term debt is in excess of 12% of total capitalization as defined in § 56-65.1. On April 21, 1997, Applicant filed additional information required to make the application complete. Applicant has paid the requisite fee of $250.

Applicant intends to borrow short-term debt through notes issued to banks or short term advances from its parent company, Sprint Corporation ("Sprint"), or other Sprint affiliates. Applicant states that the funds will be used to finance its ongoing construction program, working capital requirements, and for other proper corporate purposes.

Applicant was authorized to incur up to $30,000,000 in short-term debt with banks or its affiliates in Case No. PUA800063, by Commission order dated September 22, 1980. The Company subsequently received authority in Case Nos. PUA920033 and PUA940048 to lend to an affiliate under Chapter 4. According to the report of action filed in Case No. PUA920033, United was in violation of Chapters 3 and 4 authority granted in Case No. PUA800063 for 52 days in 1993. The dismissal order in Case No. PUA920033 cited assurance by the Company that controls had been established to lessen the possibility of a Chapter 4 violation occurring again. The report of action in Case No. PUA940048 showed that United exceeded its Chapter 4 authority four days in 1995.

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. However, Staff alleges that Applicant has violated the provisions of Chapters 3 and 4 of Title 56 of the Code of Virginia in Case Nos. PUA800063, PUA920033, and PUA940048. In light of these allegations, the Commission is of the further opinion that authority granted herein should be limited to a period ending December 31, 1997. Should the Company need to borrow short-term debt in excess of 12% of total capital beyond December 31, 1997, it should file an application seeking such authority. In addition, in order to better monitor the Company's short-term cash needs, future applications to incur short-term indebtedness should be combined with applications to lend short-term funds to affiliates. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to issue short-term debt in excess of 12% of total capitalization as defined by § 56-65.1 of the Code of Virginia in an aggregate amount outstanding from banks or from its affiliates not to exceed $40,000,000 at any one time, through the period ending December 31, 1997, under the terms and conditions and for the purposes set forth in the application.

2) The authority granted in Case No. PUA800063 is hereby terminated and superseded by the authority granted herein.

3) Applicant shall file reports of action on or before July 15, 1997, October 15, 1997, and January 15, 1998, for each preceding three-month period regarding short-term debt borrowings to include the daily outstanding balance and interest rate, comparison bank rate (if not chosen), along with information concerning the average monthly balance, the maximum aggregate amount outstanding each month, use of the proceeds, and any expenses or fees paid in connection with the short-term debt, and a balance sheet for the end of the preceding quarter.

4) Approval of this application does not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

5) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the approval granted herein, pursuant to § 56-79 of the Code of Virginia.

6) Approval of this application shall have no implications for ratemaking purposes.

7) Any future applications requesting authority to incur short-term indebtedness in excess of 12% of total capitalization as defined in § 56-65.1 shall be combined with applications to lend short-term funds to an affiliate. If such approval is needed for 1998, the Company shall file on or before October 31, 1997 for such approval. Said application shall include the current targets for the mix of short-term and long-term debt to be used to finance capital improvements and working capital needs in light of the Company's dividend policy.

8) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUF970012
MAY 27, 1997

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority to enter into a capital lease

ORDER GRANTING AUTHORITY

On May 2, 1997, Appalachian Power Company ("APCo" or "Applicant") filed an application with the Commission under Chapter 3 of Title 56 of the Code of Virginia for authority to enter into a capital lease to finance a load management water heater rental program ("the Program"). Applicant has paid the requisite fee of $250.

Applicant intends to sell and lease-back load management water heaters and/or load management related equipment ("Customer Equipment") installed by its customers in their homes. Applicant plans to finance up to $20,000,000 in Customer Equipment through a Master Lease Agreement ("the Lease") with Wilmington Trust Company ("Lessor Trustee") and Mellon Leasing Corporation ("Servicing Agent"). APCo will finance the equipment, installation, and incidental expenses through the Lease.

To fund the Program, Lessor Trustee will issue Interim Certificates on a monthly basis in an amount equal to the equipment, installation and other costs of the Customer Equipment for the month just ended. Mellon Leasing Corporation will purchase the Interim Certificates and the proceeds will reimburse APCo for the purchase price of the Customer Equipment acquired by APCo and installed during the preceding month. Interim Certificates will bear an interest rate of the 30-day London Inter-Bank Offered Rate ("LIBOR") plus one per centum (1%), and will be retired by the Lessor Trustee at the end of each year by the issuance of Basic Certificates. Basic Certificates will be privately placed in the capital markets. The interest rate on the Basic Certificates will be negotiated with institutional investors at the time of issuance, either fixed or variable, but will not exceed 300 basis points above the yield of comparable U. S. Treasury obligations.

Customer Equipment leased under the Program will have terms between five and 15 years. Payments due under the lease will include amortization of the purchase price and an interest factor reflecting Lessor Trustee's financing costs and Servicing Agent fees and expenses. At the end of the lease period, the Customer Equipment may be purchased for the price of one dollar ($1). The cost of the Lease will be billed separately and will not appear on the customers' utility bill.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to enter into a Master Lease Agreement with Wilmington Trust Company and Mellon Leasing Corporation, with a principal amount not to exceed $20,000,000, under the terms and conditions and for the purposes as set forth in the application.

2) Should terms or conditions of the Master Lease Agreement change from those contained in the application, Applicant shall be required to obtain Commission approval for such changes.

3) Applicant shall file within 60 days of issuing Basic Certificates for the years 1997, 1998, and 2001, reports of action directly with the Commission's Division of Economics and Finance, containing the number of new installations and the amount of Customer Equipment financed under the Lease during the year just completed, the number and amount of Customer Equipment retired during the year just completed, the interest rate option chosen (fixed or variable), the maximum amount under the Lease during the year just completed, the interest rate in effect on the Basic Certificates issued for the year just completed, a preliminary estimate of the benefits received by the Program participants to date and an estimate of the benefits received by the Company.

4) The authority granted herein shall have no implications for ratemaking purposes.

5) There appearing nothing further to be done in this matter it is hereby dismissed.

CASE NO. PUF970013
JUNE 5, 1997

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For authority to enter into a line of credit agreement

ORDER GRANTING AUTHORITY

On May 12, 1997, Central Virginia Electric Cooperative ("CVEC" or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia for authority to enter into a $10 million, 5-year line of credit with the National Rural Utilities Cooperative Finance Corporation ("CFC"). The requisite $250 fee has been paid.

CVEC requests authority to enter into the line of credit pursuant to Section 56-65.1 because the $10 million amount is in excess of 12% of its capitalization. CVEC also requests a waiver of a section of the line of credit agreement. That section requires a pay-down of the line to zero for five

consecutive business days each year. The waiver has been granted by CFC until the date long-term funds become available; therefore, borrowings may be outstanding for more than 12 months.

The line of credit is needed to meet construction funding requirements while awaiting approval of a long-term loan from the Rural Utilities Service ("RUS"). CVEC stated that the RUS approval process could take up to 24 months from the time the RUS loan application was submitted in December of 1996.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. The Commission is of the further opinion that the authority granted herein should not prohibit CVEC from entering into short-term line of credit agreements with other lenders provided that aggregate borrowings do not exceed $10 million and that CVEC obtains favorable borrowing terms. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to enter into a line of credit with CFC for the purposes and under the terms and conditions set forth in the application.

2) Applicant is authorized to enter into short-term line of credit agreements with lenders other than CFC, provided that the aggregate amount of borrowings does not exceed $10 million and Applicant obtains the most favorable terms available. Applicant shall promptly file executed copies of any such additional line of credit agreements directly with the Division of Economics and Finance.

3) Approval of this application shall have no implications for ratemaking purposes.

4) On or before February 27, 1998, Applicant shall file a Report of Action pursuant to the authority granted herein, including a schedule of all borrowings and repayments under the line of credit agreement from the date of this Order through December 31, 1997, the corresponding interest rates.

5) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

CASE NO. PUF970014
JUNE 20, 1997

APPLICATION OF
BARC ELECTRIC COOPERATIVE

For authority to issue long-term debt

ORDER GRANTING AUTHORITY

On May 28, 1997, BARC Electric Cooperative ("BARC" or "Applicant) filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to incur long-term indebtedness with the Rural Utilities Services ("RUS") and the National Rural Utilities Cooperative Financing Corporation ("CFC"). Applicant has paid the requisite fee of $250.

Applicant requests authority to obtain financing from RUS in the amount of $2,610,000 and from CFC in the amount of $1,118,000. The proceeds will be used to fund new construction and system improvements. The two portions of the loan will have concurrent maturities of thirty-five years. The loan from RUS may be drawn down from time to time and will carry a rate not to exceed 7% per year. The CFC loan may have a variable or fixed interest rate depending on market conditions at the time of the drawdown.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to borrow up to $2,610,000 from RUS and to borrow up to $1,118,000 from CFC, under the terms and conditions and for the purposes set forth in the application.

2) Within thirty (30) days of the date of any advance of funds from either RUS or CFC, Applicant shall file with the Commission's Division of Economics and Finance a Report of Action which shall include the amount of the advance, the interest rate selected, and the interest rate maturity.

3) Applicant shall seek Commission approval to convert to variable interest rates on the CFC loan once a fixed rate is selected.

4) Approval of this application shall have no implications for ratemaking purposes.

5) There being nothing further to be done, this matter is hereby dismissed.

CASE NO. PUF970015
JUNE 27, 1997

APPLICATION OF
VIRGINIA NATURAL GAS, INC.
and
CONSOLIDATED NATURAL GAS COMPANY

For authority to issue short-term debt, long-term debt, and common stock to an affiliate

ORDER GRANTING AUTHORITY

On June 4, 1997, Virginia Natural Gas, Inc. ("VNG") and its parent, Consolidated Natural Gas Company ("CNG") (collectively, "Applicants"), filed an application under Chapters 3 and 4 of Title 56 of the Code of Virginia requesting authority for VNG to participate in the CNG System Money Pool ("Money Pool") and incur up to $100,000,000 in short-term borrowings. The amount of short-term debt proposed exceeds twelve percent of capitalization as defined in §§ 56-65.1 of the Code of Virginia. In addition, Applicants seek authority for VNG to issue and sell common stock and long-term debt to CNG. Applicants have paid the requisite fee of $250.

VNG requests authority to participate in the Money Pool with aggregate borrowings not to exceed $100,000,000 for the period of July 1, 1997 through August 31, 1999. VNG represents that the requested level of Money Pool borrowings is needed to finance its operations on a short-term basis until such time as it is deemed appropriate to finance on a permanent, long-term basis. These borrowings will bear the same interest rate as CNG's weighted average effective cost rate on its short-term borrowings.

VNG also requests authority to issue up to $60,700,000 of common stock and up to $105.5 million of long-term debt to CNG on or before August 31, 1999. VNG represents that the proceeds from the common stock and long-term debt issuances will be used to reduce borrowings incurred under the Money Pool, to refinance existing long-term debt as it matures, and to permanently fund capital projects. Up to 1,444 shares of common stock will be issued at a price equal to VNG's book value per share as determined by the latest available financial statements just prior to the issuance. The terms and conditions of the proposed debt will mirror those of the CNG debt issue occurring closest to VNG's debt issuance. If CNG does not issue long-term financing within one year from the date of the VNG issuance, the rate of interest will be determined utilizing the Salomon Brothers, Inc. Bond Market Roundup dated nearest to the time of loan takedown under this application.

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 hereby authorized to incur up to $100,000,000 in short-term indebtedness through the Money Pool in excess of twelve percent of total capitalization from July 1, 1997 through August 31, 1999, under the terms and conditions and for the purposes set forth in the application.

2) VNG is hereby authorized to issue and sell up to $60,700,000 of common stock and $105,500,000 of long-term debt to CNG on or before August 31, 1999, under the terms and conditions and for the purposes set forth in the application.

3) Approval of this application shall have no implications for ratemaking purposes.

4) The authority granted herein shall not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

5) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein, pursuant to § 56-79 of the Code of Virginia.

6) VNG shall file reports of action taken pursuant to the authority granted in ordering paragraph (1) within sixty (60) days of the end of each calendar year, to include the amounts advanced from the Money Pool, the respective date and interest rate for each advance, daily aggregate balance of all advances, a schedule of repayments, the amounts invested in the Money Pool, the interest rate paid on amounts invested, and a proforma schedule of anticipated borrowings in the upcoming year.

7) That VNG shall submit a preliminary report within ten (10) days after the issuance of any common stock or long-term debt pursuant to ordering paragraph (2), to 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 debt issuance.

8) Within sixty (60) days of the end of each calendar quarter in which any securities are issued pursuant to ordering paragraph (2), VNG shall file a more detailed report with respect to all securities sold during the calendar quarter to include: a summary of the information noted in ordering paragraph (7), the cumulative amount of securities issued to date for each type of security and the amount of authority remaining, a general statement concerning the purposes for which the securities were issued, and a balance sheet reflecting the actions taken.

9) VNG shall file a final report of action on or before September 30, 1999, to include all the information outlined in ordering paragraph (6) for VNG's Money Pool activity for 1999 and a summary of all financing authorized pursuant to ordering paragraph (2).

10) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUF970016
JULY 9, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
CENTRAL TELEPHONE COMPANY OF VIRGINIA,
Defendant

SETTLEMENT ORDER

Section 56-65.1 of the Code of Virginia requires a public service company to seek Commission approval to exceed short-term debt levels in excess of twelve percent (12%) of its capitalization. Section 56-71 of the Code provides for fines and penalties for failure to seek the required approval.

By application filed in Case No. PUF960028, Central Telephone Company of Virginia ("Centel-Va" or "the Company") requested authority to lend $30 million of short-term funds to its parent, Central Telephone Company. Staff's review of that application revealed that Centel-Va had exceeded the short-term debt limit authorized in Case No. A-563.[1] In an order entered on February 4, 1997, the Company was directed to file a new application for authority to borrow short-term debt in excess of 12% of total capitalization. That filing was accomplished on April 21, 1997.

In an action brief filed on June 10, 1997, in Case No. PUF970010, Staff noted that, in the period following the Commission's February 4, 1997 Order, the Company continued to exceed its $30 million short-term debt limit for a period of 76 days commencing with the date of entry of that Order.

Centel-Va acknowledges exceeding the authority granted by the Commission in Case No. A-563, as subsequently amended. The Company also acknowledges that the Commission is vested with authority to impose fines and penalties against public service companies under Code § 56-71 for violations of § 56-65.1.

As an offer to settle all matters arising from the above described unauthorized borrowings, Centel-Va undertakes that:

(1) Centel-Va will reimburse the Commission $1,594 as an appropriate amount for its investigative costs relating to this matter. Payment will be made by check payable to the Treasurer of the Commonwealth of Virginia and directed to the attention of the Director of the Commission's Division of Economics and Finance.

(2) Centel-Va will pay a fine of $22,800. Payment will be made by check payable to the Treasurer of the Commonwealth of Virginia and directed to the attention of the Director of the Commission's Division of Economics and Finance.

(3) Centel-Va will file by August 29, 1997, a report detailing the control procedures designed to monitor its § 56-65.1 requirements and actual short-term debt outstanding on a daily basis.

THE COMMISSION, being fully advised in the premises and finding sufficient basis 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 should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to the authority granted the Commission by Virginia Code § 12.1-15 the offer of settlement made by Centel-Va be, and it hereby is, accepted.

(2) Pursuant to Virginia Code § 56-71, Centel-Va shall make payment in the amount of $24,394, as set out above.

(3) The sum of $24,394 tendered contemporaneously with this Order is accepted.

(4) Centel-Virginia shall file in this proceeding, on or before August 29, 1997, a report detailing the control procedures designed to monitor its § 56-65.1 requirements and actual short-term debt outstanding on a daily basis.

(5) This case is hereby continued until further order of the Commission.

[1] The authority granted in Case No. A-563 was subsequently amended by Commission order dated December 9, 1977, and by Commission order dated December 16, 1982, in Case No. PUA820093.

CASE NO. PUF970017
JULY 9, 1997

APPLICATION OF
SHENANDOAH GAS COMPANY

For authority to issue debt

ORDER GRANTING AUTHORITY

On June 19, 1997, Shenandoah Gas Company ("Shenandoah" "Applicant") filed an application for authority under Chapter 3 of Title 56 of the Code of Virginia to issue a debt security in the principal amount of $823,383. Applicant paid the requisite fee of $250.

Applicant requests authority to issue the debt security in the form of a Judgment Note ("Note") executed by Shenandoah as consideration for the acquisition of a certain pipeline and related rights from Manus WV Corporation (the "Pipeline") in Berkeley County, West Virginia. In its application and exhibits, Shenandoah states that the Note was issued on February 27, 1997, will mature on March 1, 2007, and bears an interest rate of 10%. In conjunction, Shenandoah represents that it views the acquisition of the Pipeline as a contract with a time payment provision. From this perspective, Applicant states that it is not clear to Shenandoah that approval of the Note by the Commission is required. However, Shenandoah states it is submitting the application in this case in an effort to remove any uncertainty regarding the validity of the Pipeline acquisition and the related Note.

Applicant states that the issuance of the Note to acquire the Pipeline is in the public interest because a substantially greater investment would be required for Shenandoah to acquire rights of way and construct a similar pipeline. Shenandoah also states that while the Pipeline is currently used to serve two substantial customers, it is an asset available to serve future residential, commercial and industrial growth.

THE COMMISSION, upon consideration of the application and having been advised by Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. The Commission is of the further opinion and finds that although Applicant appears to have violated Chapter 3 of Title 56 of the Code of Virginia, this violation does not appear sufficiently material as to warrant further action. Nevertheless, Applicant is hereby admonished that any future violation could result in the Commission exercising its powers granted in Section 56-71 of Chapter 3 of the Code of Virginia. Accordingly,

IT IS ORDERED THAT:

1) Applicant's issuance of the Note is hereby authorized on the date of this Order under the terms and conditions, and for the purposes set forth in the application.

2) Applicant shall take all necessary steps to prevent similar violations of Chapter 3 of Title 56 of the Code of Virginia from recurring.

3) Approval of the application shall have no implications for ratemaking purposes.

4) There appearing nothing further to be done in this matter, it is hereby dismissed.

CASE NO. PUF970018
JULY 31, 1997

APPLICATION OF
A&N ELECTRIC COOPERATIVE

For authority to issue long-term debt

ORDER GRANTING AUTHORITY

On July 1, 1997, A&N Electric Cooperative ("A&N" or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to incur long-term indebtedness with the Rural Utilities Services ("RUS") and the National Rural Utilities Cooperative Financing Corporation ("CFC"). By letter dated July 10, 1997, Applicant amended its application. Applicant has paid the requisite fee of $250.

A&N's amended application requests authority to obtain financing from RUS in the amount of $4,200,000 and from CFC in the amount of $1,800,000. The proceeds will be used to fund new construction and system improvements as approved by RUS in A&N's four year work plan. The two portions of the loan will have concurrent maturities of thirty-five years. The loan from RUS may be drawn down from time to time and will carry a rate not to exceed 7% per year. The CFC loan may have a variable or fixed interest rate depending on market conditions at the time of the drawdown.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to borrow up to $4,200,000 from RUS and to borrow up to $1,800,000 from CFC, under the terms and conditions and for the purposes set forth in the application, as amended.

2) Within thirty (30) days of the date of any advance of funds from either RUS or CFC, Applicant shall file with the Commission's Division of Economics and Finance a Report of Action which shall include the amount of the advance, the interest rate selected, and the interest rate maturity.

3) Applicant shall seek Commission approval to convert to variable interest rates on the CFC loan once a fixed rate is selected.

4) Approval of this application shall have no implications for ratemaking purposes.

5) There being nothing further to be done, this matter is hereby dismissed.

CASE NO. PUF970019
NOVEMBER 24, 1997

IN THE MATTER OF
VIRGINIA ELECTRIC AND POWER COMPANY

Interest Rate Swap Agreements

ORDER

On June 20, 1997, Virginia Electric and Power Company ("the Company", "Virginia Power") filed a pleading entitled "Motion for Ruling," in which it states that it intends to enter into interest rate swap agreements from time to time. The Company's motion seeks a ruling that swap transactions do not require Commission approval under Chapter 3 of Title 56 of the Code of Virginia ("Code"). The Commission will treat the motion as a petition for a declaratory judgment exempting the proposed transactions from regulation, or, alternatively, a petition for authority to issue securities pursuant to Chapter 3. Applicant has paid the requisite $250 filing fee.

The terms and conditions of two specific swap transactions and other interest rate swap transactions the Company may execute in the future are described in the motion and its accompanying exhibits. Specifically, in Exhibit C to its motion, the Company has outlined two swap transactions it is contemplating with Lehman Brothers Financial Products, Inc. The bonds against which these two specific swaps would be executed have a combined principle balance of $415 million.

The motion asserts that Chapter 3 approval of the transactions is unnecessary because interest swap agreements are contracts that do not constitute the issuance of securities by the Company, nor do the transactions in any way modify or affect the Company's obligation or rights with respect to any securities it has previously issued, irrespective of whether such securities are identified as being the instrument against which such swaps would be executed for accounting and tax purposes. In short, Virginia Power argues that swaps are not securities, as defined in Chapter 3.

NOW THE COMMISSION, upon consideration of the Company's motion, the applicable statutes and rules, and having been advised by its Staff, is of the opinion and finds that the Company's motion should be denied to the extent that it seeks an exemption from regulation for the proposed transactions. The two specific arrangements described in the Company's motion will, in essence, involve the conversion of a fixed interest rate to a variable interest rate on over $400 million of the Company's debt. While we recognize that these two particular transactions may no longer be financially advantageous for the Company and therefore may not be entered into, interest rate swap transactions in general as described by Virginia Power in its motion, will have, and indeed are intended to have, an impact upon the Company's cost of debt and overall cost of capital on which the Company's electric rates are based. Moreover, derivative transactions, when done speculatively, significantly expose a utility to undue risks.

Section 56-56 of the Code states that the power of public utilities to issue stocks, bonds, notes and "other evidences of interest or ownership" and "other evidences of indebtedness" is a "special privilege, the right of supervision, regulation restriction and control of which is and shall continue to be vested in the Commonwealth. . .." That section also authorizes the Commission to establish rules and regulations to guide utilities in the exercise of this privilege. Section 56-57 makes Chapter 3 applicable to each and every "evidence of indebtedness, of a public service company. . .." Based on the facts of record, and in consideration of the breadth of the grant of authority to the Commission evidenced by the passages from the Code set out above, we are of the opinion and find that interest rate swap transactions are securities as defined in Chapter 3 of Title 56 of the Code of Virginia and require Commission approval prior to execution. To the extent that Virginia Power's motion seeks an exemption from regulation for such transactions, the motion must be denied.

However, as to the implicit alternative relief requested by the Company, i.e., approval of such transactions and in order to address the Company's concerns regarding the issuance of the interest rate swap agreements outlined in the Company's motion, we are of the opinion and find that the public interest will not be harmed by permitting the Company to enter into such transactions, as limited herein, subject to Chapter 3 approval, which we will grant. By this order, we are authorizing Virginia Power, under Chapter 3 of Title 56, to issue interest rate swap agreements, for a period ending December 31, 1999, for up to a notional amount of debt not to exceed $500,000,000. Accordingly,

IT IS ORDERED THAT:

1) The Company's motion is denied in part and granted in part, as set out above.

2) The Company is authorized to enter into interest rate swap agreements from time to time in notional amounts not to exceed $500,000,000 in the aggregate, with such authority to lapse on December 31, 1999.

3) The maturity of any interest rate swap agreement entered into under the authority granted by this Order shall not exceed the longest maturity of any of the Company's outstanding debt securities.

4) The Company shall file with the Commission a copy of the ISDA Master Agreement, together with all schedules and attachments/exhibits to the schedules within 10 days of entering into any swap agreement.

5) The authority granted herein shall have no implications for ratemaking purposes.

6) The Company shall file a report of action on or before February 26, 1999 and February 29, 2000 detailing all interest rate swap agreements entered into under the authority granted herein, to include a schedule showing the notional amount of each swap, the counter party to the swap, the initial swap interest rates of each swap, and the net payments to/from Virginia Power under each swap agreement.

7) This matter shall remain under the continued review, audit and appropriate directives of the Commission.

CASE NO. PUF970019
DECEMBER 15, 1997

IN THE MATTER OF
VIRGINIA ELECTRIC AND POWER COMPANY

Interest Rate Swap Agreements

ORDER GRANTING RECONSIDERATION

On June 20, 1997, Virginia Electric and Power Company ("Virginia Power" or "Company") filed a pleading entitled "Motion for Ruling," seeking a ruling from the Commission that interest rate swap transactions do not require Commission approval under Chapter 3 of Title 56 of the Code of Virginia.

On November 24, 1997, the Commission entered its Order treating the motion as a petition for a declaratory judgment exempting the proposed transactions from regulation, or, alternatively, a petition for authority to issue securities pursuant to Chapter 3. The Order granted in part and denied in part the motion of Virginia Power. The motion was denied to the extent that it sought an exemption from regulation for the proposed transactions. The motion was granted to the extent that the Company was authorized to enter into the proposed transactions, as permitted by Chapter 3.

On December 11, 1997, Virginia Power filed its Motion, requesting the Commission to "suspend the effectiveness of its Order" and provide the Company with an opportunity to introduce evidence and be heard on the matter. Under the Commission's Rules of Practice and Procedure, final judgments and orders of the Commission remain within the jurisdiction of the Commission for a period of 21 days following their entry. The Commission will treat Virginia Power's Motion as a request for rehearing and will grant the Motion for the purpose of retaining jurisdiction over this matter. However, the Commission will not suspend the effectiveness of the Order at this time. By subsequent order, we will establish a procedural schedule for the purpose of reconsideration of the Order.

Accordingly, IT IS ORDERED that:

(1) The Motion of Virginia Power is granted to the extent set out above; and

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

CASE NO. PUF970020
AUGUST 18, 1997

APPLICATION OF
VIRGINIA GAS PIPELINE

For authorization to review indebtedness and assume obligations under Chapters 3 and 4 of Title 56 of the Code of Virginia

DISMISSAL ORDER

On July 9, 1997, Virginia Gas Pipeline ("VGPC") filed an application requesting authority to incur indebtedness and assume obligations under Chapters 3 and 4 of Title 56 of the Code of Virginia. Specifically, VGPC proposes to enter into a loan agreement with its affiliate, Virginia Gas Company ("VGC"), whereby VGC will loan $4,500,000 of the proceeds from the issuance and sale of subordinate debentures to fund VGPC's development of its storage and pipeline facilities.

By letter dated August 5, 1997, VPGC requests to withdraw that application.

NOW THE COMMISSION, having considered the matter is of the opinion that the Company's request should be granted and this matter should be dismissed from our docket of active cases.

Accordingly, IT IS ORDERED THAT this matter be and hereby is dismissed from our docket of active cases and the papers placed in the file for ended causes.

CASE NO. PUF970021
AUGUST 15, 1997

APPLICATION OF
CENTRAL VIRGINIA ELECTRIC COOPERATIVE

For authority to issue long-term debt

ORDER GRANTING AUTHORITY

On July 25, 1997, Central Virginia Electric Cooperative ("CVEC" or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to issue $4,412,000 of long-term debt. Applicant paid the requisite fee of $250.

CVEC requests authority to borrow funds for the construction of its new headquarters facility under two types of loans from CoBank totaling $4,412,000. One loan in the amount $1,881,000 will be used as bridge financing until funds are available from the Rural Utilities Service ("RUS") in approximately 18 - 24 months. This loan will cover costs associated with constructing truck sheds, bulk storage, a warehouse and garage, site development, and some other costs. The interest rate on this loan will vary monthly.

The other loan will be a 30-year secured loan for costs associated with constructing the actual headquarters office building. CVEC has the option of choosing a fixed or variable interest rate on this loan. The interest rate will be determined at the time of the advance of funds. The Cooperative plans to select the term and rate based on an evaluation of the market conditions at that time.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to borrow funds for the construction of its new headquarters facility under two types of loans from CoBank totaling $4,412,000 under the terms and conditions and for the purposes set forth in the application.

2) Within thirty (30) days of the date of any advance of funds from CoBank, Applicant shall file with the Commission's Division of Economics and Finance a Report of Action which shall include the amount of the loan, the interest rate selected and the interest rate maturity.

3) Applicant shall seek Commission approval to convert to variable interest rates on the CoBank loan once a fixed rate is selected.

4) Approval of this application shall have no implications for ratemaking purposes.

5) There being nothing further to be done, this matter is hereby dismissed.

CASE NO. PUF970022
AUGUST 25, 1997

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY

For authority to issue short-term debt and sell commercial paper to affiliates

ORDER GRANTING AUTHORITY

On August 6, 1997, Washington Gas Light Company ("WGL" or "Applicant") filed an application under Chapters 3 and 4 of Title 56 of the Code of Virginia for authority to incur up to $250,000,000 of short-term debt and for authority to sell commercial paper to affiliates. This amount of short-term debt is in excess of the twelve percent of capitalization as defined in § 56-65.1 under Chapter 3 of Title 56 of the Code of Virginia. Applicant has paid the requisite fee of $250.

WGL proposes to incur short-term indebtedness, from time to time, up to a maximum of $250,000,000 for the period October 1, 1997, through September 30, 1998. The proposed short-term debt will be in the form of commercial paper and/or bank notes. WGL also requests authority for up to $20,000,000 of its short-term debt to be in the form of commercial paper sold to the following affiliated companies: Crab Run Gas Company, Hampshire Gas Company, and Brandywood Estates, Inc. ("Affiliates"). The bank notes and commercial paper will bear interest at the prevailing market rate at the time of issuance. The proceeds from the borrowings will be used to finance seasonal working capital requirements.

THE COMMISSION, upon consideration of the application and having been advised by Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) WGL is authorized to incur short-term indebtedness in an amount not to exceed $250,000,000 outstanding at any time from October 1, 1997, through September 30, 1998, under the terms and conditions and for the purposes set forth in the application.

2) WGL is authorized to sell up to $20,000,000 of its authorized short-term debt in the form of commercial paper to Affiliates, under the terms and conditions and for the purposes set forth in the application.

3) The authority granted herein shall not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

4) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein, pursuant to § 56-79 of the Code of Virginia.

5) Approval of the application shall have no implications for ratemaking purposes.

6) Applicant shall file a report of action on or before December 31, 1998, that shows WGL's daily short-term debt activity from October 1, 1997, through September 30, 1998, pursuant to the authority granted herein to include the type, amount, date, maturity, and interest rate of each

borrowing, the average daily balance and maximum outstanding balance for each month, any commissions or fees paid in connection with short-term debt, and a balance sheet as of September 30, 1998.

7) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUF970023
AUGUST 25, 1997

APPLICATION OF
WASHINGTON GAS LIGHT COMPANY
and
SHENANDOAH GAS COMPANY

For authority to make and receive interest-bearing cash advances on open account

ORDER GRANTING AUTHORITY

On August 7, 1997, Washington Gas Light Company ("WGL") and Shenandoah Gas Company ("Shenandoah") (or collectively, "Applicants") filed an application under Chapters 3 and 4 of Title 56 of the Code of Virginia for authority for WGL to make, and Shenandoah to receive, interest bearing cash advances ("Advances") on open account. Applicants have paid the requisite fee of $250.

WGL proposes to make Advances to Shenandoah and Shenandoah proposes to receive such Advances, up to the aggregate outstanding amount of $52,000,000 from October 1, 1997, through September 30, 1998. The Advances will be used to finance construction programs, gas purchases, and other proper corporate purposes of Shenandoah. The interest rate on the advances will be determined based on WGL's consolidated embedded cost of senior capital, including short-term debt and preferred stock, adjusted to exclude non-utility subsidiary investment. This interest rate will be calculated on a monthly basis.

THE COMMISSION, upon consideration of the application and having been advised by Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) WGL is authorized to make open account Advances to its affiliate Shenandoah, from October 1, 1997, through September 30, 1998.

2) Shenandoah is authorized to receive open account Advances from WGL.

3) The total aggregate amount outstanding at any one time of Advances made to Shenandoah shall be $52,000,000.

4) The Advances shall be made under the terms and conditions and for the purposes set forth in the application.

5) The cost rate on the Advances shall reflect the methodologies approved in WGL's most recent general rate case, based on WGL's consolidated embedded cost of senior capital, excluding non-utility subsidiary investment.

6) Approval of the application does not preclude the Commission from applying the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

7) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein, pursuant to § 56-79 of the Code of Virginia.

8) Approval of the application shall have no implications for ratemaking purposes.

9) Applicant shall file a report of the action taken pursuant to the authority granted herein on or before December 31, 1998, including a schedule of Advances, showing the outstanding Advance balance on September 30, 1997, the amount and date of subsequent Advances, the corresponding interest rates, any repayments made by Shenandoah, and the maximum outstanding balance during each month.

10) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUF970024
SEPTEMBER 3, 1997

APPLICATION OF
VIRGINIA GAS PIPELINE COMPANY

For authority to issue common stock

ORDER GRANTING AUTHORITY

On August 13, 1997, Virginia Gas Pipeline Company ("Applicant" or "VGPC") filed an application with the Commission under Chapters 3 and 4 of Title 56 of the Code of Virginia. Applicant has paid the requisite fee of $250.

Applicant requests authority to issue an additional 2000 shares of common stock to its parent company affiliate, Virginia Gas Company ("VGC"). Applicant states that the price per share of common stock sold will be $10,000, which amounts to a total of $20,000,000 for all 2,000 shares.

Applicant states that VGC intends to fund its purchase of 2,000 shares of common stock with the proceeds from a planned public issuance of VGC common stock.

Applicant states that the proceeds will be used for the expansion of its existing storage facilities in Saltville, Virginia, and the development of pipeline facilities. Applicant further represents that issuance costs will be minimal since the shares will be privately issued to VGC.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion that approval of the authority requested will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to issue up to an additional 2,000 shares of common stock through September 30, 1998, all in the manner, under the terms and conditions, and for the purposes as set forth in the application.

2) Approval of the application shall have no implications for ratemaking purposes.

3) Any subsequent financing arrangements with affiliates or other affiliate agreements shall require separate authority, which shall not be implied by approval of the application herein.

4) Approval of the application shall not preclude the Commission from applying the provisions of Sections 56-78 and 56- 80 of the Code of Virginia hereafter.

5) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein, pursuant to section 56-79 of the Code of Virginia.

6) Applicant shall file a report of action within 60 days of each calendar quarter ended in which any action is taken pursuant to ordering paragraph 1, to include the number of shares issued, the date issued, the price per share, and the remaining number of shares authorized for issuance.

7) Applicant shall file a final report of action on or before September 30 1998, to include:

   (a) the most current balance sheet available for VGPC that reflects the actions taken pursuant to this order, and a consolidated balance sheet for VGC as of the same date; and

   (b) a detailed account of all issuance costs incurred to date for the shares of common stock issued.

8) This matter be continued, subject to the continuing review, audit and appropriate directive of the Commission.

CASE NO. PUF970025
SEPTEMBER 11, 1997

APPLICATION OF
ATMOS ENERGY CORPORATION

For authority to issue common stock

ORDER GRANTING AUTHORITY

On August 28, 1997, Atmos Energy Corporation ("Atmos" or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to issue common stock under its Dividend Stock Purchase Plan ("DSPP"). Applicant paid the requisite fee of $250.

In its application, Atmos proposes to issue up to 1,500,000 shares of common stock from time to time through the DSPP in addition to the 1,450,000 shares currently authorized. Under the DSPP, investors can purchase shares of Atmos' common stock and reinvest all or a portion of their cash dividends in additional shares of common stock. Stock purchases through dividend reinvestment are priced at a three percent discount from the market

price of the stock. Applicant indicates that funds from the stock issuances will provide additional financing necessary to continue the general corporate purposes of Atmos and to provide safe and adequate service. Issuance expenses, if any, would not be significant.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to issue and sell up to 1,500,000 shares of its common stock under its Direct Stock Purchase Plan under the terms and conditions and for the purposes set forth in the application.

2) There being nothing further to be done, this matter is hereby dismissed.

CASE NO. PUF970026
OCTOBER 6, 1997

APPLICATION OF
VIRGINIA-AMERICAN WATER COMPANY

For authority to issue debt

ORDER GRANTING AUTHORITY

On September 18, 1997, Virginia-American Water Company ("Virginia-American" or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia for authority to issue $3,000,000 in general mortgage bonds ("the Bonds"). Applicant has paid the requisite fee of $250.

Virginia-American proposes to issue the Bonds to Modern Woodmen of America, an institutional investor. The Bonds will have a fixed interest rate of 7.03% and will mature on November 1, 2007. The Bonds will be non-callable prior to maturity. The net proceeds from the sale of the Bonds will be used to finance capital requirements, pay sinking funds on preferred stock issues, pay down short-term debt, and finance the ongoing construction program.

The Commission, upon consideration of the application and having been advised by Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Virginia-American is hereby authorized to issue and sell up to $3,000,000 of general mortgage bonds, all in a manner, under the terms and conditions, and for the purposes as set forth in the application.

2) Approval of the application shall have no implications for ratemaking purposes.

3) Virginia-American shall submit a preliminary report of action within ten (10) days after the issuance of any Bonds pursuant to this Order including the date, amount, interest rate, and price or proceeds to Virginia-American.

4) Virginia-American shall file a final report of action, on or before December 31, 1997, to include a detailed account of the expenses and fees paid to date for issuing the Bonds with an explanation of any variance to the estimated expenses contained in the Financing Summary attached to the application.

5) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUF970027
OCTOBER 17, 1997

APPLICATION OF
ROANOKE GAS COMPANY

For authority to issue common stock and transfer assets to a subsidiary

ORDER GRANTING AUTHORITY

On September 22, 1997, Roanoke Gas Company ("Roanoke" or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to issue common stock in connection with the purchase of the assets of U.S. Gas, Inc. ("U.S. Gas"). On October 15, 1997, Roanoke filed a letter requesting an amendment to its application to also include authority under Chapter 4 of Title 56 pertaining to the transfer of assets from Roanoke to its subsidiary, Diversified Energy Company t/a Highland Propane ("Highland Propane"). Applicant paid the requisite fee of $250.

In its application, Roanoke proposes to issue up to 36,000 shares of common stock to U.S. Gas, a propane company located in Bedford County, Virginia, in connection with the purchase of U.S. Gas. Applicant represents that the transaction is valued at approximately $594,000, based on a stock

price of $16.50 per share. Issuance expenses are expected to be approximately $2,250. At the close of the purchase transaction, the assets of U.S. Gas will become the property of Roanoke's subsidiary, Highland Propane, through an asset transfer from the parent.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to issue and sell up to 36,000 shares of its common stock in connection with the purchase of the assets of U.S. Gas under the terms and conditions and for the purposes set forth in the application.

2) Applicant shall submit a Report of Action on or before December 15, 1997, to include the date of the issuance, the number of shares of common stock issued, the price per share, copies of any public announcements made regarding the purchase, copies of journal entries for each transaction related to the issuance of stock and transfer of assets to the subsidiary, and balance sheets for Roanoke and its subsidiary, Highland Propane, reflecting the actions taken.

3) Approval of this application shall have no implications for ratemaking purposes.

4) The authority granted herein shall not preclude the Commission from applying the provisions of §§ 56-78 and 56-80 of the Code of Virginia hereafter.

5) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein, pursuant to § 56-79 of the Code of Virginia.

6) This matter shall be continued, subject to the continuing review, audit and appropriate directive of the Commission.

CASE NO. PUF970029
OCTOBER 14, 1997

APPLICATION OF
MECKLENBURG ELECTRIC COOPERATIVE

For authority to incur long-term debt

ORDER GRANTING AUTHORITY

On September 19, 1997, Mecklenburg Electric Cooperative ("Applicant" or "Mecklenburg") filed an application with the Commission under Chapter 3 of Title 56 of the Code of Virginia. Applicant has paid the requisite fee of $25.

Applicant requests authority to incur indebtedness in the amount of $400,000 to the United States of America ("United States") under the Rural Economic Development Loan and Grant Program administered by the Rural Business-Cooperative Program ("RBP"). Proceeds from the RBP loan ("RBP Loan") will be re-loaned by Mecklenburg to the Industrial Development Authority of Halifax County, Virginia, ("Halifax IDA") to support the development of an industrial park.

Applicant states that the RBP Loan will be a zero-interest loan, in the form of a promissory note with a maturity of ten years. The RBP Loan will be repaid in monthly installments, beginning two years after the RBP loan date. The RBP Loan will also require some form of security such as an irrevocable letter of credit or other form of guarantee.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion that approval of the authority requested will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to borrow $400,000 under the Rural Economic Development Loan and Grant Program and subsequently lend the proceeds to the Halifax IDA, all in the manner, under the terms and conditions, and for the purposes as set forth in the application.

2) Applicant shall file directly with the Division of Economics and Finance a copy of each annual project performance report at the same time each is submitted to the RBP under the terms of the Rural Development Loan Agreement.

3) Approval of the application shall have no implications for ratemaking purposes.

4) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUF970030
OCTOBER 14, 1997

APPLICATION OF
TOLL ROAD INVESTORS PARTNERSHIP II, L. .P.

Application to Modify Dulles Greenway Tolls

ORDER GRANTING APPLICATION

On September 26, 1997, Toll Road Investors Partnership II, L.P. ("Toll Road Investors") applied to modify its Highway Tolls Tariff, Virginia S.C.C. Tariff No. 1, establishing tolls for the Dulles Greenway. Toll Road Partners proposes to delete from its tariff the expiration date of its maximum tolls, December 31, 1997. For the reasons explained, the Commission will grant the application without further proceedings.

In prior orders, the Commission has approved maximum tolls for the Dulles Greenway for January 1, 1996, through December 31, 1997. This expiration date is set out in the effective version of Toll Road Investors' tariff approved by Final Order of March 1, 1996, in Application of Toll Road Investors Partnership II, L.P., Case No. PUA960009. Toll Road Investors now proposes to strike from its tariff the expiration date of its maximum tolls. According to the partnership, deleting the date would allow continued application of the existing toll structure after December 31, 1997. Under its current rate structure, deleting the expiration date would not increase rates and charges.

Upon consideration of the application, the Commission will grant the requested relief. As noted in the Toll Road Investors' application, the current tolls are below the maximum levels. Pursuant to our order of March 1, 1996, entered in Case No. PUA960009, Toll Road Investors may increase tolls up to the maximum levels only after notice to the Commission, and striking the expiration date does not alter this requirement. Since the deletion of the date from the tariff does not increase any toll or charge now levied for use of the Dulles Greenway, the Commission finds that the application may be granted without further proceedings as provided by § 56-40 of the Code of Virginia.

ACCORDINGLY, IT IS ORDERED THAT:

(1) The application of Toll Road Investors is granted.

(2) Forthwith upon receipt of this Order, but no later than October 20, 1997, Toll Road Investors shall file with the Clerk of the Commission revised tariff pages effective the date of this Order. All revised tariff pages shall show at the bottom that the page was filed pursuant to this Order Granting Application entered in Case No. PUF970030 and shall include the Order's date.

CASE NO. PUF970031
NOVEMBER 7, 1997

APPLICATION OF
THE POTOMAC EDISON COMPANY, d/b/a ALLEGHENY POWER

For authority to issue debt securities

ORDER GRANTING AUTHORITY

On October 7, 1997, The Potomac Edison Company d/b/a Allegheny Power ("the Company" or "Applicant") filed an application with the Commission under Chapter 3 of Title 56 of the Code of Virginia. In its application, the Company requests authority to issue up to $200,000,000 in aggregate principal of debt securities ("the Debt") prior to December 31, 2002. Applicant has paid the requisite fee of $250.

The proceeds from the sale of the Debt will be used to have available funds to compete effectively in a restructured electric utility market, to support the ongoing construction program, to retire short-term debt, for the replacement of bonds at maturity, for addition of utility assets, and early redemption of outstanding bonds or preferred stock. Refunding will only occur if savings are expected to result.

Applicant seeks flexibility to determine the interest rate, maturity, and other terms and conditions of the Debt at the time of issuance and according to market conditions. Applicant proposes to issue the Debt in one or more forms, including first mortgage bonds, secured or unsecured medium term notes, unsecured debentures, pollution control or solid waste disposal notes. Applicant may issue the Debt directly or through agents designated by Applicant from time to time. Applicant's shelf registration of the Debt with the SEC became effective on August 18, 1997.

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. However, we find that authority to issue debt should be limited from the date of this Order through December 31, 2000. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby granted authority to issue up to $200,000,000 in aggregate principal in debt securities through December 31, 2000, all in a manner, under the terms and conditions and for the purposes as set forth in the application.

2) Applicant shall submit a preliminary report within seven (7) days after the issuance of any debt securities pursuant to this Order including the date of the issue, the amount issued, the coupon rate, the maturity date, the comparable U.S. Treasury rate and an explanation for the timing of the issue and type of debt security issued.

3) Within sixty (60) days after the end of each calendar quarter in which any debt securities are issued pursuant to this Order, Applicant shall file a more detailed report with respect to all debt securities sold during said calendar quarter, which shall provide the date, type, and amount of the issue(s), coupon rate, net proceeds to Applicant, the cumulative principal amount issued under the authority granted herein, the amount remaining to be issued, a general statement of the purposes for which the Debt was issued, and if the purpose is for the early redemption of an outstanding issue, a schedule showing any associated losses on reacquired debt along with a calculation of the refunding issue's effective cost rate after inclusion of any related losses on reacquired debt, and overall cost savings from the refunding, and a balance sheet reflecting the actions taken.

4) Applicant shall file a final report of action, on or before March 31, 2001, to include all information required in Ordering Paragraph 3 which incorporates then-current actual expenses and fees paid for the financings with an explanation of any variances from the estimated expenses contained in the Financing Summary attached to the Company's application.

5) Approval of this application shall have no implications for ratemaking purposes.

6) This matter shall be continued, subject to the continuing review, audit and appropriate directive of the Commission.

CASE NO. PUF970032
NOVEMBER 18, 1997

APPLICATION OF
THE POTOMAC EDISON COMPANY, d/b/a ALLEGHENY POWER

For continuing approval of money pool agreement with affiliates

ORDER GRANTING APPROVAL

On October 8, 1997, The Potomac Edison Company d/b/a Allegheny Power ("the Company" or "Applicant") filed an application with the Commission under Chapter 4 of Title 56 of the Code of Virginia. In its application, the Company requests continuing approval to borrow and lend funds to companies with affiliated interests ("the Money Pool") through a revised Money Pool Agreement ("the Agreement").

Applicant most recently received Commission approval to participate in the Money Pool in Case No. PUF960004, by order dated April 29, 1996. The application states that two terms and conditions of the Agreement have recently changed. These changes relate to the way the interest rate is calculated in the Money Pool and how external investment income of the Money Pool is allocated. According to ordering paragraph 2 of the April 29 order, the Company is required to seek subsequent approval from the Commission if terms and conditions of the Agreement should change.

The Commission, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby granted approval to participate as a borrower and lender of funds through the Money Pool under the Agreement, all in a manner, under the terms and conditions and for the purposes as set forth in the application.

2) Applicant shall seek subsequent approval from the Commission if the terms and conditions of the Money Pool Agreement approved herein should change.

3) The approval granted herein shall not preclude the Commission from exercising the provisions of § 56-78 and § 56-80 of the Code of Virginia hereafter.

4) The Commission reserves the right to examine the books and records of any affiliate in connection with the authority granted herein, whether or not such affiliate is regulated by this Commission, pursuant to § 56-79 of the Code of Virginia.

5) The approval of this application shall have no implications for ratemaking.

6) There appearing nothing further to be done in this matter, it is hereby dismissed.

CASE NO. PUF970033
DECEMBER 17, 1997

APPLICATION OF
CENTRAL TELEPHONE COMPANY OF VIRGINIA

For authority to incur short-term indebtedness from affiliates or banks and lend short-term funds to affiliates

ORDER GRANTING AUTHORITY

On October 31, 1997, Central Telephone Company of Virginia ("Applicant" or "the Company") filed an application with the Commission under Chapters 3 and 4 of Title 56 of the Code of Virginia for authority to incur up to $60,000,000 of short-term debt through December 31, 1998. The

proposed amount of short-term debt is in excess of 12% of total capitalization as defined in § 56-65.1. Applicant also requests authority to lend up to $30,000,000 in short-term funds on open account to Sprint through December 31, 1998. Applicant has paid the requisite fee of $250.

Applicant states that the borrowings will consist of advances from its parent company, Sprint Corporation ("Sprint"), or Sprint affiliates through an intercompany financing arrangement and bank loans through existing bank lines of credit. Short-term loans and advances under the intercompany financing arrangement will bear the same rate of interest based on the prior month's average 30-day commercial paper rate plus 15 basis points. Bank loan rates will be based on the one month London Interbank Offered Rate (LIBOR) plus 15 to 30 basis points.

The Company was granted authority to issue up to $60,000,000 in short-term debt with Sprint, Sprint affiliates, or banks through December 31, 1997, in Case No. PUE970010. In Case No. PUE960029, the Company was granted authority to lend up to $30,000,000 of short-term funds to Sprint on open account through December 31, 1997. As directed in ordering paragraph 7 of the Commission's Order dated June 10, 1997, in Case No. PUE970010, the application in this case combines the Company's request to maintain current authorized levels of short-term borrowing and lending authority through December 31, 1998.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the authority requested will not be detrimental to the public interest. However, as Staff has indicated in its Action Brief in this case, $60,000,000 of short-term debt represents a significant portion of the Company's capital structure. Having this level of short-term debt outstanding for extended periods of time exposes Applicant to heightened interest rate risk. Therefore, we are ordering the Company to explain its policy on issuing long-term debt, should the Company request a similar short-term debt limit in 1999. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to issue short-term debt in an aggregate amount not to exceed $60,000,000 at any one time to banks, Sprint or Sprint affiliates through the period ending December 31, 1998, all in the manner, under the terms and conditions, and for the purposes as set forth in the application.

2) Applicant is also hereby authorized to lend up to a maximum aggregate amount of $30,000,000 on open account to Sprint or Sprint affiliates during the 1998 calendar year, all in the manner, under the terms and conditions, and for the purposes as set forth in the application.

3) Applicant shall file a final report of action on or before February 15, 1999, concerning actions taken pursuant to this Order for the 1998 calendar year with such report to include the daily outstanding balance and respective interest rate of funds borrowed under the intercompany financing arrangement and funds borrowed from banks, the daily outstanding balance and respective interest rate of funds advanced to Sprint or Sprint affiliates, the maximum aggregate amount of short-term borrowings and advances outstanding each month, the amount and an explanation of any fees paid in connection with short-term borrowings, a balance sheet as of December 31, 1998.

4) Approval of this application shall have no implications for ratemaking purposes.

5) Approval of this application shall not preclude the Commission from applying § 56-78 and § 56-80 of the Code of Virginia hereafter.

6) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in conjunction with the approval granted herein, pursuant to § 56-79 of the Code of Virginia.

7) Any future requests for authority to incur short-term indebtedness, as defined in § 56-65.1, or to lend short-term funds to an affiliate for periods of time that overlap, shall be filed as a single combined application.

8) Requests for authority referenced in ordering paragraph (7) for the year 1999 shall be by application filed on or before October 30, 1998, and shall include the explanation detailed below.

9) Such explanation shall include the criteria Applicant believes is appropriate for the issuance of long-term indebtedness as well as the reasons Applicant chose to request approval of short-term rather than long-term indebtedness.

10) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUF970034
DECEMBER 17, 1997

APPLICATION OF
UNITED TELEPHONE-SOUTHEAST, INC.

For authority to incur short-term indebtedness from affiliates or banks and lend short-term funds to affiliates

ORDER GRANTING AUTHORITY

On October 31, 1997, United Telephone-Southeast, Inc. ("Applicant" or "the Company") filed an application with the Commission under Chapters 3 and 4 of Title 56 of the Code of Virginia for authority to incur up to $51,000,000 of short-term debt through December 31, 1998. The proposed amount of short-term debt is in excess of 12% of total capitalization as defined in § 56-65.1. Applicant also requests authority to lend up to $15,000,000 in short-term funds on open account to Sprint through December 31, 1998. Applicant has paid the requisite fee of $250.

Applicant states that the borrowings will consist of advances from its parent company, Sprint Corporation ("Sprint"), or Sprint affiliates through an intercompany financing arrangement and bank loans through existing bank lines of credit. Short-term loans and advances under the intercompany

financing arrangement will bear the same rate of interest based on the prior month's average 30-day commercial paper rate plus 15 basis points. Bank loan rates will be based on the one month London Interbank Offered Rate (LIBOR) plus 15 to 30 basis points.

The Company was granted authority to issue up to $40,000,000 in short-term debt with Sprint, Sprint affiliates, or banks through December 31, 1997, in Case No. PUE970011. In Case No. PUE960027, the Company was granted authority to lend up to $30,000,000 of short-term funds to Sprint on open account through December 31, 1997. The application in this case combines the Company's request for short-term borrowing and lending authority as directed in ordering paragraph 7 of the Commission's Order dated June 10, 1997, in Case No. PUE970011. Applicant desires to increase its short-term borrowing authority from $40,000,000 to $51,000,000 and maintain its lending authority at the current authorized level of $15,000,000 through December 31, 1998.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the authority requested will not be detrimental to the public interest. However, as Staff has indicated in its Action Brief in this case, $51,000,000 of short-term debt represents a significant portion of the Company's capital structure. Having this level of short-term debt outstanding for extended periods of time exposes Applicant to heightened interest rate risk. Therefore, we are ordering the Company to explain its policy on issuing long-term debt, should the Company request a similar short-term debt limit in 1999. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to issue short-term debt in an aggregate amount not to exceed $51,000,000 at any one time to banks, Sprint or Sprint affiliates through the period ending December 31, 1998, all in the manner, under the terms and conditions, and for the purposes as set forth in the application.

2) Applicant is also hereby authorized to lend up to a maximum aggregate amount of $15,000,000 on open account to Sprint or Sprint affiliates during the 1998 calendar year, all in the manner, under the terms and conditions, and for the purposes as set forth in the application.

3) Applicant shall file a final report of action on or before February 15, 1999, concerning actions taken pursuant to this Order for the 1998 calendar year with such report to include the daily outstanding balance and respective interest rate of funds borrowed under the intercompany financing arrangement and funds borrowed from banks, the daily outstanding balance and respective interest rate of funds advanced to Sprint or Sprint affiliates, the maximum aggregate amount of short-term borrowings and advances outstanding each month, the amount and an explanation of any fees paid in connection with short-term borrowings, a balance sheet as of December 31, 1998.

4) Approval of this application shall have no implications for ratemaking purposes.

5) Approval of this application shall not preclude the Commission from applying § 56-78 and § 56-80 of the Code of Virginia hereafter.

6) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in conjunction with the approval granted herein, pursuant to § 56-79 of the Code of Virginia.

7) Any future requests for authority to incur short-term indebtedness, as defined in § 56-65.1, or to lend short-term funds to an affiliate for periods of time that overlap, shall be filed as a single combined application.

8) Requests for authority referenced in ordering paragraph (7) for the year 1999 shall be by application filed on or before October 30, 1998, and shall include the explanation detailed below.

9) Such explanation shall include the criteria Applicant believes is appropriate for the issuance of long-term indebtedness as well as the reasons Applicant chose to request approval of short-term rather than long-term indebtedness.

10) This matter shall be continued, subject to the continuing review, audit, and appropriate directive of the Commission.

CASE NO. PUF970035
NOVEMBER 26, 1997

APPLICATION OF
APPALACHIAN POWER COMPANY

For authority to issue long-term debt

ORDER GRANTING AUTHORITY

On November 6, 1997, Appalachian Power Company ("APCO", "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia for authority to issue up to $269,500,000 in long-term debt. Applicant has paid the requisite fee of $250.

The long-term indebtedness APCO proposes to incur will be in the form of up $19,500,000 in pollution control bonds and up to $250,000,000 in first mortgage bonds and/or unsecured promissory notes. The pollution control bonds are to be issued on or prior to November 1, 1998, and the first mortgage bonds/unsecured promissory notes are to be issued from time to time through December 31, 1998. Although the Company has requested the flexibility to set specific terms and conditions, such as the maturity and interest rate, at the time of issuance based upon markets conditions at that time, it has outlined broad parameters under which the issuance of debt will take place.

The proceeds from the pollution control bonds will be used to retire a like amount of currently outstanding pollution control bonds, Series F, on or prior to their current maturity date. The proceeds from the issuance of the $250,000,000 in debt will be used to redeem, directly or indirectly, long-term

debt, to refund, directly or indirectly, preferred stock, to repay short-term debt, to fund the Company's construction program or for other corporate purposes. In conjunction with the issuance of the debt, the Company states that it may enter into one or more interest rate hedging arrangements (including, but not limited to, an interest rate swap, cap, collar, treasury lock, or similar agreement) with a bank or other financial institution.

THE COMMISSION, upon consideration of the application and having been advised by Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. We will approve the application subject to the terms and conditions detailed herein. The hedging arrangements proposed by Applicant are approved only as part of the issuance of debt securities in this proceeding. Such approval shall not, however, be deemed a general grant of authority to enter into interest rate swaps, caps, collars, treasury locks or similar agreements with banks or other financial institutions.[1] Accordingly,

IT IS ORDERED THAT:

1) Applicant is authorized to incur long-term indebtedness in the form of pollution control revenue bonds of up to $19,500,000, under the terms and conditions and for the purposes outlined in its application, through November 1, 1998.

2) Applicant is authorized to issue and sell up to $250,000,000 in debt, under the terms and conditions and for the purposes as outlined in the application, through December 31, 1998.

3) Applicant is authorized to enter into the hedging agreements proposed in its application only in conjunction with the issuance of the debt securities approved herein and only for a term not to exceed 60 days.

4) The authority to issue debt for purposes of retiring other obligations prior to maturity is conditioned upon there being a demonstrated cost savings to the Company and its ratepayers.

5) Applicant shall submit a preliminary Report of Action within seven days after the issuance of any debt pursuant to this Order to include the issuance date, the amount of the issue, the interest rate, the maturity date, and the securities retired, if any.

6) Within 60 days after the end of each calendar quarter in which any debt is issued pursuant to this Order, Applicant shall file a more detailed Report of Action with respect to the debt to include: the type of debt issued, the date and amount of each series, the interest rate, the maturity date, net proceeds to Applicant, an itemized list of expenses to date associated with each issue, the securities retired, if any, with an analysis demonstrating the cost savings associated with the refunding and a balance sheet reflecting the action taken.

7) Applicant's Final Report of Action shall be due on or before February 26, 1999, to include a summary of all information filed in the Reports of Action pursuant to Ordering paragraph 5, in addition to the information, if required, related to the issuance of debt in the quarter ended December 31, 1998.

8) That the authority granted herein shall have no implications for ratemaking purposes.

9) That this matter shall remain under the continued review, audit and appropriate action of this Commission.

[1] We note that we recently held, in Case No. PUF970019, that interest rate swap agreements come within the purview of Chapter 3 of Title 56 of the Code of Virginia and, as such, require prior approval from the Commission.

CASE NO. PUF970036
DECEMBER 4, 1997

APPLICATION OF
ATMOS ENERGY CORPORATION

For authority to incur short-term indebtedness

ORDER GRANTING AUTHORITY

On November 12, 1997, Atmos Energy Corporation ("Atmos" or "Applicant") filed an application with the Commission under Chapters 3 and 4 of Title 56 of the Code of Virginia for authority to incur short-term indebtedness. The amount of short-term debt proposed in this application is in excess of twelve percent of capitalization as defined in 56-65.1. Applicant has paid the requisite fee of $250.

Atmos requests authority to borrow up to $300,000,000 of short-term debt during calendar year 1998. Applicant proposes to borrow the short-term funds by making draw-downs under existing credit facilities in place with numerous banks. Under the credit facilities the interest rates are required to be either negotiated at the time of drawdown or the equivalent of the then-prevailing LIBOR rate plus 22.5 basis points.

Applicant has also requested authority to borrow and/or lend short-term debt between it and its subsidiaries up to a maximum of $20,000,000 outstanding at any one time for maturity periods of less than twelve months. The interest rates on the affiliate transactions will be equal to the average of the negotiated bank rates and the rate available to the lending company as an alternative investment rate for a similar amount and term but, in no case, will the rate be less than the cost of those funds to the lending company.

Applicant states that the funds will be applied to increase working capital and for the construction, extension, improvement and/or additions to its facilities until financial market conditions are appropriate for entering into long-term financing arrangements.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to issue short-term debt in excess of twelve percent of capitalization in an aggregate amount outstanding not to exceed $300,000,000 at any one time for the calendar year ended December 31, 1998, under the terms and conditions and for the purposes set forth in the application.

2) Applicant is hereby authorized to lend and borrow short-term debt between it and its subsidiaries up to an aggregate amount of $20,000,000 for the calendar year ended December 31, 1996, under the terms and conditions and for the purposes set forth in the application.

3) Applicant shall file within 60 days of the end of each calendar quarter commencing on May 30, 1998, a report regarding short-term debt financing to include the date, amount, interest rate of each draw-down, interest coverage ratios calculated in accordance with Applicant's indenture agreement, the use of the proceeds, the average monthly balances, the monthly maximum amount outstanding, the associated costs, and a balance sheet reflecting actions taken as well as a report describing the source, amount, date, interest rate and the schedule of repayment for each affiliate loan/borrowing.

4) The authority granted herein shall not preclude the Commission from applying the provisions of 56-78 and 56-80 of the Code of Virginia hereafter.

5) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein, pursuant to 56-79 of the Code of Virginia.

6) The authority granted herein shall have no implications for ratemaking purposes.

7) This matter shall remain under the continued review, audit and appropriate directive of the Commission.

CASE NO. PUF970036
DECEMBER 29, 1997

APPLICATION OF
ATMOS ENERGY CORPORATION

For authority to incur short-term indebtedness

ORDER GRANTING REQUEST FOR ACCELERATED EFFECTIVE DATE

On December 29, 1997, Atmos Energy Corporation ("Atmos"), by counsel, filed a request to accelerate the effective date of the authority granted by the Commission's Order entered on December 4, 1997, in the above captioned proceeding. Atmos specifically requests that the authority to incur short-term indebtedness up to $300,000,000 during calendar year 1998 be accelerated from January 1, 1998, to December 29, 1997.

In support of its request, Atmos states that it may exceed the limit of short-term debt approved by the Commission's Order dated March 10, 1997, in Case No. PUF970004 due to colder than normally expected weather in parts of its service territory and the need to purchase increased volumes of gas.

NOW THE COMMISSION, having considered Atmos' request, is of the opinion that such request is reasonable and should be granted. Accordingly,

IT IS ORDERED THAT:

(1) The effective date of authority for incurring short-term indebtedness up to $300,000,000 granted in our December 4, 1997 Order in this proceeding be, and hereby is, accelerated from January 1, 1998, to December 29, 1997.

(2) All other provisions of our December 4, 1997 Order Granting Authority shall remain in full force and effect.

(3) There being nothing further to be done in this matter it be, and hereby is, dismissed from the Commission's docket of active cases.

CASE NO. PUF970037
DECEMBER 17, 1997

APPLICATION OF
SOUTHSIDE ELECTRIC COOPERATIVE

For authority to continue to participate in a loan program

ORDER GRANTING AUTHORITY

On November 13, 1997, Southside Electric Cooperative ("Southside" or "Applicant") filed an application with the Commission under Chapter 3 of Title 56 of the Code of Virginia for authority to continue to participate in an energy conservation loan program with the Rural Utilities Service ("RUS"). By letter dated December 16, 1997, Applicant amended its application to delete a deed of trust requirement on loans of $3,500 or more and require only promissory notes for all loans proposed in the application. Applicant has paid the requisite fee.

In Case Nos. PUA820104, PUA850012, PUA870012, PUA890015, PUF910017, PUF930016 and PUF950013 Southside was authorized to participate in the Energy Resources Conservation Loan Program ("Loan Program") under the provisions of Rural Electrification Administration ("REA") Bulletin 20-23, Section 12. Under the Loan Program, principle payments are deferred on selected 2% loans from RUS, formerly REA. Deferred principle payments may then be advanced as loans for up to a period of five years to Southside's members with the stipulation that Applicant loan the funds to its members at a rate not to exceed 5% per annum. Applicant continues to pay 2% interest on its deferred principle loans with RUS. The funds are to be used by Applicant's members for energy conservation measures.

Applicant now proposes to continue to participate in the Loan Program through October 1, 1999. Applicant states that the proposed loans will have very little impact on Southside's financial condition since funds for the loans will be supplied by deferral of debt payments and not additional debt. In addition, Applicant states that the proposed loans are basically self-supporting with 5% interest from member loans covering the 2% interest on the supporting RUS loan and administrative costs.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that Southside's continued participation in the Loan Program will not be detrimental to the public interest. The Commission notes Staff's Action Brief in this proceeding, wherein Staff states that Applicant acknowledges, by letter dated December 2, 1997, that it violated the authority granted in Case No. PUF950013 by extending loans after such authority expired on July 1, 1997. The Commission is of the further opinion that such violations are not materially sufficient to warrant further action at this time. Applicant is, however, admonished that continued or repeated violations of authority granted by the Commission may result in penalties or fines under § 56-71 and § 56-73 of the Code of Virginia. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to continue to participate in the Loan Program through the period ending October 1, 1999, all in the manner, under the terms and conditions, and for the purposes as set forth in its amended application.

2) Applicant shall file a final report of action directly with the Division of Economics and Finance on or before January 14, 2000, to include interest expense, administrative expenses, total amount of loan defaults, and interest income associated with the loan program for the period extending from January 1, 1998, through October 1, 1999.

3) There appearing nothing further to be done in this matter, it hereby is dismissed.

CASE NO. PUF970039
DECEMBER 17, 1997

APPLICATION OF
COMMONWEALTH GAS SERVICES, INC.
and
THE COLUMBIA GAS SYSTEM, INC.

For approval of intercompany financing for 1998

ORDER GRANTING AUTHORITY

On December 9, 1997, Commonwealth Gas Services, Inc. ("Commonwealth" or "Applicant") and The Columbia Gas System, Inc. ("Columbia" or "System") filed an application under Chapters 3 and 4 of Title 56 of the Code of Virginia requesting authority to enter into intercompany financing arrangements during 1998. The amount of short-term debt authority requested in the application is in excess of twelve (12) percent of total capitalization as defined in Section 56-65.1 of the Code of Virginia. Applicant has paid the requisite fee of $250.

Commonwealth requests authority to enter into the following financing arrangements with the System, its parent company, during the calendar year 1998: 1) to issue and sell Promissory Notes and/or Common Stock not to exceed $20,000,000 in combined total; 2) to borrow up to $45,000,000 in short-term loans from other affiliated companies through the Intrasystem Money Pool ("Money Pool"); 3) to invest temporary excess cash in the Money Pool from time to time.

The proceeds from the Promissory Notes and/or Common Stock will be used to fund Commonwealth's construction program and for other corporate requirements. The short-term financing from the Money Pool loans will be used for peak short-term requirements such as gas purchases and related storage activities.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to enter into the following financial transactions:

a) to issue and sell Promissory Notes and/or Common Stock to the System in combined total not to exceed $20,000,000;

b) to borrow up to $45,000,000 through the Money Pool from the System and/or other affiliates in excess of twelve percent of total capitalization; and

c) to invest temporary excess cash in the Money Pool;

from January 1, 1998, through December 31, 1998, in all manner, and under the terms and conditions, and for the purposes set forth in the application.

2) Approval of this application shall have no implications for ratemaking purposes.

3) The authority granted herein shall not preclude the Commission from applying the provisions of Sections 56-78 and 56-80 of the Code of Virginia hereafter.

4) The Commission reserves the right to examine the books and records of any affiliate, whether or not such affiliate is regulated by this Commission, in connection with the authority granted herein, pursuant to Section 56-79 of the Code of Virginia.

5) Applicant shall file quarterly reports of action within 60 days of the end of each calendar quarter following the date of this order, to include:

a) a monthly schedule of Money Pool borrowings, segmented by borrower (whether System or affiliate);

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;

c) monthly schedules of the System's borrowings under any letter or line of credit agreements;

d) a report detailing the issuance of Common Stock, to include the number of shares and price per share, date of issuance, and use of the proceeds;

e) a report detailing the issuance of any Promissory Notes, to include the date of the issue, face amount issued, date of maturity, quarterly principal repayment schedule, the interest rate and method for setting the interest rate, and the U.S. Treasury rate of comparable maturity.

6) Applicant shall file a final report of action on or before February 28, 1999, to include data for the fourth quarter of 1998 as prescribed in ordering paragraph (5) herein.

7) This matter shall be continued, subject to the continued review, audit and appropriate directive of the Commission.

DIVISION OF SECURITIES AND RETAIL FRANCHISING

CASE NOS. SEC950115 and SEC950117
MARCH 4, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
CHRISTOPHER S. KNIGHT
and
KURT W. SCHMALZ,
Defendants

FINAL ORDER

On December 19, 1996, the Commission entered in these cases an Order and Judgment ("Order") that set forth findings and sanctions against the Defendants, including the imposition of a monetary penalty against each Defendant. The Order provided that the penalties were suspended and would be remitted if the Defendants, within 30 days from the date of entry of the Order, made restitution to, or settled with, the Virginia resident to whom they sold securities in violation of the Securities Act and notified the Commission in writing within 35 days from the date of entry whether restitution or settlement had been made. By order dated January 24, 1997, the Commission granted the request of Defendant Knight to extend by 30 days the restitution and notification periods.

On or about February 24, 1997, Defendant Knight, by counsel, submitted documentation indicating that on February 20, 1997, he made an offer of restitution in accordance with the terms of the Order to the Virginia resident. The Staff has reported that Defendant Schmalz has not contacted the Virginia resident or the Commission with respect to restitution or settlement as of the date of this order. It is, therefore,

ORDERED and ADJUDGED THAT:

(1) The penalty in the amount of $12,000 and the revocation of the agent registration ordered against Christopher S. Knight by Order and Judgment entered herein on December 19, 1996, be, and they hereby are, remitted.

(2) The penalty in the amount of $2,000 ordered against Kurt W. Schmalz by Order and Judgment entered herein on December 19, 1996, is due in full, and that the Commonwealth recover said sum from Defendant Schmalz with interest thereon at 9% per year from December 19, 1996, until paid.

(3) The injunctive and other provisions contained in said prior Order and Judgment, to the extent not modified by this order, shall remain in full force and effect.

(4) These cases are dismissed from the Commission's docket and the papers herein be placed in the file for ended causes.

CASE NO. SEC960084
JANUARY 14, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
A. MICHAEL WORRELL,
Defendant

ORDER AND JUDGMENT

A Rule to Show Cause was issued against the Defendant, A. Michael Worrell ("Worrell"), on October 11, 1996. In addition to setting out the allegations of the Division of Securities and Retail Franchising ("Division"), the Rule scheduled this case to be heard before the Commission on January 7, 1997, and directed the Defendant to file a responsive pleading by November 22, 1996. The Defendant neither filed a responsive pleading nor appeared at the hearing conducted on the scheduled date. The Division was represented by its counsel.

The Commission, based on the evidence received at the hearing, is of the opinion and finds:

1. A copy of the Rule to Show Cause was duly served upon the Defendant.

2. The Defendant did not file a responsive, or other, pleading or appear at the hearing. On motion of counsel for the Division, the Defendant was found in default.

3. During all relevant times, Worrell was the sole officer and director of Hampton Roads Shrimp, Inc. ("Hampton Roads"). Hampton Roads was incorporated under the Virginia Stock Corporation Act in July 1990, and its existence was terminated on September 1, 1995.

4. During the period of July 1991 through December 1993, Worrell, while transacting business in Virginia as an agent of Hampton Roads, offered and sold shares of stock and investment contracts issued by Hampton Roads.

5. During the aforesaid period, Worrell effected at least eleven sales of Hampton Roads stock to eleven individuals, and possibly more, who were residents as well as non-residents of the Commonwealth.

6. The Defendant also solicited three of the stock purchasers to invest in an arrangement pursuant to which Hampton Roads was to purchase and re-sell shrimp in bulk ("investment contracts"). At Worrell's direction, each of these individuals paid $20,000 to Hampton Roads. Worrell represented to the purchasers that they would be passive investors whose funds would be used to buy a large quantity of shrimp which would be re-sold and, that within 4-6 weeks after investing, they would be paid the amount of their investments plus a profit of $1,500, on average.

7. The funds paid for the investment contracts were used to pay the general operating expenses of Hampton Roads, and not for the purchase of shrimp.

8. The stock of Hampton Roads and the investment contracts are securities as defined in the Securities Act, Va. Code § 13.1-501 et seq.

9. Neither the stock of Hampton Roads nor the investment contracts were registered under the Securities Act at the time they were offered and sold.

10. Worrell was not registered as an agent under the Securities Act at the time he offered and sold the Hampton Roads securities.

11. Worrell's activities described above constitute at least 31 violations of the Securities Act, to wit:

a. Transacting business in Virginia as an unregistered agent on 14 occasions (violation of Va. Code § 13.1-504 A).

b. Offering and selling unregistered securities in 14 transactions (violation of Va. Code § 13.1-507).

c. In the offer and sale of each of the three investment contracts, obtaining money by means of an untrue statement of a material fact, in violation of Va. Code § 13.1-502(2).

12. The Division's actual costs of investigating this matter were $1,400.

13. On account of having violated the Securities Act, the sanctions set forth below should be imposed on the Defendant, and he should pay the costs of the investigation.

It is, therefore, ORDERED and ADJUDGED THAT:

(1) Pursuant to Va. Code § 13.1-519, Worrell be, and he hereby is, permanently enjoined from (a) in the offer or sale of any security, directly or indirectly violating Va. Code § 13.1-502, (b) transacting business in this Commonwealth in violation of Va. Code § 13.1-504, or (c) offering or selling any security in violation of Va. Code § 13.1-507.

(2) Pursuant to Va. Code § 13.1-521, Worrell be, and he hereby is, penalized in the amount of $155,000, which amount the Commonwealth of Virginia shall recover from the Defendant, with interest thereon at the rate of 9% per year until paid; provided, that said penalty is suspended and shall be remitted in whole or in part, as the Commission shall determine, upon the condition that the Defendant, within 60 days from the date of this Order, makes restitution in accordance with the refund provisions of Va. Code § 13.1-522 D to the persons to whom he unlawfully sold securities issued by Hampton Roads Shrimp, Inc., or otherwise settles with these persons.

(3) Within 65 days from the date of this Order, the Defendant notify the Commission in writing whether or not he has satisfied the condition of paragraph (2), above.

(4) Pursuant to Va. Code § 13.1-518, the Defendant pay to the Commission within 65 days from the date of this Order the sum of $1,400 as costs of the investigation.

(5) The Commission retains jurisdiction in this matter for all purposes.

CASE NO. SEC960084
APRIL 24, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
A. MICHAEL WORRELL,
Defendant

FINAL ORDER

On January 14, 1997, the Commission entered in this case an Order and Judgment ("Order") that set forth findings and sanctions against the Defendant, including the imposition of a monetary penalty. The Order provided that the penalty was suspended and would be remitted if the Defendant, within 60 days from the date of entry of the Order, made restitution to, or settled with, the persons to whom he sold securities in violation of the Securities Act, and notified the Commission in writing within 65 days from the date of entry whether restitution or settlement had been made. The Staff has reported to the Commission that, to the best of its knowledge, the Defendant has failed to make restitution or settlement and that he has failed to provide the written notice to the Commission required by the Order. It is, therefore,

ORDERED and ADJUDGED THAT:

(1) The penalty in the amount of $155,000 imposed herein by order dated January 14, 1997, is due in full, and that the Commonwealth recover said sum from the Defendant with interest thereon at 9% per year from January 14, 1997, until paid;

(2) The injunctive and other provisions contained in said prior order shall remain in full force and effect; and

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

CASE NO. SEC960104
APRIL 14, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
HOLLYWOOD CONTINENTAL FILMS, INC.
and
MALCOLM ALEXANDER PARKHURST,
Defendants

FINAL ORDER AND JUDGMENT

By Rule to Show Cause dated December 11, 1996, the Commission, among other things, assigned this case to a Hearing Examiner to conduct a hearing for the Commission. At the conclusion of the February 18, 1997 hearing, the Hearing Examiner issued his report setting forth his recommended findings of fact and conclusions of law. Upon consideration of the Report and the evidence received in this case, the Commission finds that:

(1) Defendant Hollywood Continental Films, Inc. (Hollywood) is or was, at all relevant times, a corporation having a place of business in the state of California.

(2) Defendant Malcolm Alexander Parkhurst (Parkhurst) is a natural person and president of Hollywood.

(3) The Rule to Show Cause was served upon the defendants as required by law, and the Report of the Hearing Examiner was mailed to the defendants.

(4) Neither defendant filed a responsive pleading, appeared, or filed comments to the Hearing Examiner's Report.

(5) Hollywood employed Parkhurst to offer and sell, in Virginia and elsewhere, limited partnership interests in a motion picture production venture (the securities).

(6) In 1993, Parkhurst, acting as agent of Hollywood, offered and sold the securities in Virginia to a Virginia resident. In doing so, Parkhurst induced the Virginia resident to invest money in the venture with the expectation of profit to result solely from the efforts of Parkhurst and others.

(7) In offering and selling the securities, Parkhurst misrepresented certain material facts by stating that:

a. the limited partnership would be formed pursuant to California law, and that

b. Hollywood had been in business since 1967.

(8) Neither Hollywood nor Parkhurst was registered under the Virginia Securities Act (the Act) in any capacity.

(9) The securities offered and sold by the defendants were not registered under the Act.

(10) The aforesaid acts of Hollywood constitute four violations of the Act, to wit:

a. Employing Parkhurst as an unregistered agent in violation of § 13.1-504(B);

b. Offering and selling unregistered securities in violation of § 13.1-507, and

c. Misrepresenting two material facts in connection with the offer and sale of securities in violation of § 13.1-502(2).

(11) The aforesaid acts of Parkhurst constitute four violations of the Act, to wit:

a. Transacting business in Virginia as an unregistered agent in violation of § 13.1-504(A),

b. Offering and selling unregistered securities in violation of § 13.1-507, and

c. Misrepresenting two material facts in connection with the offer and sale of securities in violation of § 13.1-502(2).

(12) The defendants should be penalized for such violations and enjoined from the commission of like violations of law in the future. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to § 13.1-521 of the Act, defendant Hollywood is penalized in the sum of twenty thousand dollars ($20,000), which sum the Commonwealth shall recover from said defendant with interest at 9% per year until paid.

(2) Pursuant to § 13.1-521 of the Act, defendant Parkhurst is penalized in the sum of twenty thousand dollars ($20,000), which sum the Commonwealth shall recover from said defendant with interest at 9% per year until paid.

(3) Pursuant to § 13.1-519 of the Act, defendant Hollywood is hereby permanently enjoined from violation of §§ 13.1-504(B), 13.1-507, or 13.1-502(2) of the Act.

(4) Pursuant to § 13.1-519 of the Act, defendant Parkhurst is hereby permanently enjoined from violation of §§ 13.1-504(A), 13.1-507, or 13.1-502(2) of the Act.

(5) Defendants are assessed, jointly and severally, with costs of investigation in this case in the sum of one thousand dollars ($1,000), which sum the Commission shall recover from the defendants with interest at 9% per year until paid.

(6) This case is dismissed from the docket, and the papers herein shall be placed among the ended cases.

CASE NO. SEC970001
JANUARY 8, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
WILLIAM JOSEPH LANG,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT

The Commission's Division of Securities and Retail Franchising ("Division") has conducted an investigation of Defendant, William Joseph Lang, pursuant to Virginia Code § 13.1-518.

As a result of its investigation, the Division alleges that Defendant, an agent so registered under the Virginia Securities Act ("Act"), has:

(A) In violation of Commission Securities Act Rule 21 VAC 5-20-280 B. 3., established or maintained accounts containing fictitious information in order to execute transactions which would otherwise be unlawful or prohibited.

(B) In violation of Commission Securities Act Rule 21 VAC 5-20-280 B. 5., divided or otherwise split commissions, profits or other compensation from the purchase or sale of securities in this state with an unregistered agent, Harry Hoover Horning.

Defendant neither admits nor denies the allegations, but admits the Commission's jurisdiction and authority to enter this order.

As a proposal to settle all matters arising from the allegations made against it, Defendant has proposed and agrees to comply with the following terms and undertakings:

(1) Defendant will refrain from any conduct which constitutes a violation of the Virginia Securities Act or the Rules promulgated thereunder.

(2) Defendant will promptly terminate his registration under the Act unless a broker-dealer registered under the Act, within thirty (30) days from the date of this Order Accepting Offer of Settlement, submits to the Division, by affidavit, agreement to the following special supervisory procedures:

(a) For a period of twenty-four (24) months from the date of this Order Accepting Offer of Settlement, the compliance officer, or appointed designee, for Defendant, will (i) review the opening of all customer accounts to ensure compliance with Commission Securities Act Rule 21 VAC 5-20-280B.3.; (ii) review all customers' orders not later than the next business day after execution of the orders to ensure compliance with Commission Securities Act Rule 21 VAC 5-20-280B.5; (iii) randomly select and contact by mail not less than forty percent (40%) of Defendant's active Virginia customers to ensure compliance with Commission Securities Act Rules 21 VAC 5-20-280B.3. and 21 VAC 5-20-280B.5., and to determine if Defendant's customers have any complaints regarding Lang's handling of their accounts; and (iv) maintain a record of the name of each client contacted, the date on which each client was contacted, the means by which each client was contacted and the substance of any complaint or adverse comment concerning Defendant. A minimum of 7.5% of William Joseph Lang's active customer accounts will be randomly selected and contacted each ninety (90) days.

(b) For a period of twenty-four (24) months from the date of this Order Accepting Offer of Settlement, if the compliance officer, or appointed designee, discovers any irregularity or abuse in connection with any transaction effected for a Virginia customer by Defendant or receives any complaint from a Virginia customer against Defendant, that individual shall promptly notify the Commission in writing.

(3) Defendant, pursuant to § 13.1-521 of the Code of Virginia, will pay a penalty to the Commonwealth in the amount of five thousand dollars ($5,000.00).

(4) Defendant, pursuant to § 13.1-518 of the Code of Virginia, will pay to the Commission the sum of seven hundred fifty-one dollars and sixty-six cents ($751.66) as reimbursement for the costs of the Division's investigation.

The Division has recommended that Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in Virginia Code § 12.1-15.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in Virginia Code § 12.1-15, Defendant's offer of settlement is accepted;

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

(3) That pursuant to Virginia Code § 13.1-521, Defendant pay a penalty to the Commonwealth in the amount of five thousand dollars ($5,000.00) and the Commonwealth recover of and from Defendant such amount;

(4) That pursuant to Virginia Code § 13.1-518, Defendant pay to the Commission the amount of seven hundred fifty-one dollars and sixty-six cents ($751.66) for the cost of the Division's investigation;

(5) That the sum of five thousand seven hundred fifty-one dollars and sixty-six cents ($5,751.66) tendered by Defendant is accepted; and,

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

CASE NO. SEC970002
JANUARY 8, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
HENRY LUDFORD FENLON,
Defendant

ORDER OF SETTLEMENT

The Commission's Division of Securities and Retail Franchising ("Division") has conducted an investigation of Defendant, Henry Ludford Fenlon, pursuant to Virginia Code § 13.1-518.

As a result of its investigation, the Division alleges that Defendant, an agent so registered under the Virginia Securities Act ("Act"), has:

(A) In violation of Commission Securities Act Rule 21 VAC 5-20-280 B. 3., established or maintained accounts containing fictitious information in order to execute transactions which would otherwise be unlawful or prohibited.

(B) In violation of Commission Securities Act Rule 21 VAC 5-20-280B. 5., divided or otherwise split commissions, profits or other compensation from the purchase or sale of securities in this state with an unregistered agent, Harry Hoover Horning.

Defendant neither admits nor denies the allegations, but admits the Commission's jurisdiction and authority to enter this order.

As a proposal to settle all matters arising from the allegations made against it, Defendant has proposed and agrees to comply with the following terms and undertakings:

(1) Defendant agrees to promptly terminate his registration as an agent of a broker-dealer under the Virginia Securities Act.

(2) Defendant agrees he will not for a period of twelve (12) months from the date of this Order of Settlement (i) seek to become registered as an agent of a broker-dealer under the Virginia Securities Act, (ii) engage in the offer or sale of any security to a resident of the Commonwealth of Virginia, and (iii) be associated with any registered broker-dealer in any supervisory capacity, except that he may maintain books and records under adequate supervision and perform such other clerical and ministerial duties as are non-supervisory in nature and reasonable under the circumstances.

(3) Defendant will refrain from any conduct which constitutes a violation of the Virginia Securities Act or the Rules promulgated thereunder.

(4) After the conclusion of the twelve (12) month period, Defendant will not be registered with any broker-dealer registered under the Virginia Securities Act unless such broker-dealer submits to the Division, by affidavit, prior agreement to the following special supervisory procedures:

(a) For a period of twenty-four (24) months from the date of this Order of Settlement, the compliance officer, or appointed designee, will (i) review the opening of all customer accounts to ensure compliance with Commission Securities Act Rule 21 VAC 5-20-280B.3.; (ii) review all customers' orders not later than the next business day after execution of the orders to ensure compliance with Commission Securities Act Rule 21 VAC 5-20-280B.5; (iii) randomly select and contact by mail not less than forty percent (40%) of Defendant's active Virginia customers to ensure compliance with Commission Securities Act Rules 21 VAC 5-20-280B.3. and 21 VAC 5-20-280B.5., and to determine if Defendant's customers have any complaints regarding Defendant's handling of their accounts; and (iv) maintain a record of the name of each client contacted, the date on which each client was contacted, the means by which each client was contacted and the substance of any complaint or adverse comment concerning Defendant.

(b) For a period of twenty-four (24) months from the date of this Order of Settlement, if the compliance officer, or appointed designee, discovers any irregularity or abuse in connection with any transaction effected for a Virginia customer by Defendant or receives any complaint from a Virginia customer against Defendant, that individual shall promptly notify the Commission in writing.

(3) Defendant, pursuant to § 13.1-521 of the Code of Virginia, will pay a penalty to the Commonwealth in the amount of ten thousand dollars ($10,000.00).

(4) Defendant, pursuant to § 13.1-518 of the Code of Virginia, will pay to the Commission the sum of one thousand four hundred nine dollars and thirty-six cents ($1,409.36) as reimbursement for the costs of the Division's investigation.

The Division has recommended that Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in Virginia Code § 12.1-15.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in Virginia Code § 12.1-15, Defendant's offer of settlement is accepted;

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

(3) That pursuant to Virginia Code § 13.1-521, Defendant pay a penalty to the Commonwealth in the amount of ten thousand dollars ($10,000.00) and the Commonwealth recover of and from Defendant such amount;

(4) That pursuant to Virginia Code § 13.1-518, Defendant pay to the Commission the amount of one thousand four hundred nine dollars and thirty-six cents ($1,409.36) for the cost of the Division's investigation;

(5) That the sum of eleven thousand four hundred nine dollars and thirty-six cents ($11,409.36) tendered by Defendant is accepted; and,

(6) That this matter is dismissed and the papers herein be placed in the file for ended causes.

CASE NO. SEC970003
JANUARY 31, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
MOORS & CABOT, INC.,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT

The Commission's Division of Securities and Retail Franchising ("Division") has conducted an investigation of Defendant, Moors & Cabot, Inc., pursuant to Virginia Code § 13.1-518.

As a result of its investigation, the Division alleges that Defendant, a broker-dealer so registered under the Virginia Securities Act ("Act"), has:

(A) In violation of § 13.1-504B of the Act, employed Harry Hoover Horning as an unregistered agent.

(B) In violation of Commission Securities Act Rule 21 VAC 5-20-260B., failed to exercise diligent supervision over the securities activities of all its Virginia agents.

(C) In violation of Commission Securities Act Rule 21 VAC 5-20-260D., failed to enforce its written procedures.

(D) In violation of Commission Securities Act Rule 21 VAC 5-20-260E.2., failed to conduct annual inspections of each business office located in Virginia to insure that written procedures were enforced.

(E) In violation of Commission Securities Act Rule 21 VAC 5-20-270A.1 & 2, failed to make and keep current a record for each of its customers.

(F) In violation of Commission Securities Act Rule 21 VAC 5-20-280A.3., failed to determine if recommended securities were suitable for each customer prior to the purchase, sale or exchange of the security.

Defendant neither admits nor denies the allegations, but admits the Commission's jurisdiction and authority to enter this order.

As a proposal to settle all matters arising from the allegations made against it, Defendant has proposed and agrees to comply with the following terms and undertakings:

(1) Defendant will refrain from any conduct which constitutes a violation of the Virginia Securities Act or the Rules promulgated thereunder.

(2) Defendant will report to the Commission by no later than ninety (90) days from the date of this Order Accepting Offer of Settlement the following:

(a) Procedures it has developed to ensure compliance with Rules 21 VAC 5-20-260B., 21 VAC 5-20-260D., 21 VAC 5-20-260D.3., 21 VAC 5-20-260E.2., 21 VAC 5-20-270A.1. & 2., and 21 VAC 5-20-280A.3., as promulgated under the Act.

(b) Name(s) of the individual(s) overseeing compliance with Rules 21 VAC 5-20-260B., 21 VAC 5-20-260D., 21 VAC 5-20-260D.3., 21 VAC 5-20-260E.2., 21 VAC 5-20-270A.1. & 2., and 21 VAC 5-20-280A.3., as promulgated under the Act.

(3) For the next twenty-four (24) months from December 1, 1996, Defendant will perform inspections of all its Virginia offices no less frequently than twice every twelve (12) months, with each inspection no sooner than four (4) and no later than eight (8) months after the last such inspection, and within thirty (30) days after the completion of each inspection the results will be set forth in a written report which will disclose deficiencies and provide corrective actions to cure such deficiencies.

(4) Defendant will provide the Commission within thirty (30) days after the completion of each inspection required by this Order a copy of the written report referred to in paragraph (3), above.

(5) William Joseph Lang, a registered agent employed by Defendant, will be subject to the following special supervisory procedures:

(a) For a period of twenty-four (24) months from the date of this Order Accepting Offer of Settlement, Defendant will designate from its officers or other qualified agents, a supervisor to review every transaction, including customer signature verifications, effected for Virginia customers by account representative William Joseph Lang, to determine if any irregularities or abuse occurred in connection with any such transactions.

(b) For a period of twenty-four (24) months from the date of this Order Accepting Offer of Settlement, the compliance officer, or appointed designee, for Defendant, will (i) review the opening of all customer accounts by William Joseph Lang to ensure compliance with Commission Securities Act Rule 21 VAC 5-20-280B.3.; and (ii) review all customers' orders entered by William Joseph Lang not later than the next business day after execution of the orders to ensure compliance with Commission Securities Act Rule 21 VAC 5-20-280B.5.

(c) Within thirty (30) days from the date of this Order Accepting Offer of Settlement, the compliance officer, or appointed designee, for Defendant will randomly select and contact by mail not less than seven and one-half percent (7.5%) of William Joseph Lang's active Virginia customers to ensure compliance with Commission Securities Act Rules 21 VAC 5-20-280B.3. and 21 VAC 5-20-280B.5., and to determine if Defendant's customers have any complaints regarding Lang's handling of their accounts. A minimum of 7.5% of William Joseph Lang's active Virginia customers will be randomly selected and contacted each ninety (90) days thereafter, until twenty-four (24) months from the date of this Order Accepting Offer of Settlement.

(d) For a period of twenty-four (24) months from the date of this Order Accepting Offer of Settlement, Defendant will establish and maintain a written record of compliance with Virginia Code § 13.1-504(B), which shall include but not be limited to (i) the name of the supervisor(s) designated to review William Joseph Lang's customer accounts, (ii) the name and address of each of William Joseph Lang's active Virginia customers contacted, (iii) the date each such Virginia customer was contacted, and (iv) the means by which each customer was contacted; this record in its entirety shall be submitted to the Division upon termination of the special supervisory procedures.

(e) For a period of twenty-four (24) months from the date of this Order Accepting Offer of Settlement, if the compliance officer, or appointed designee, of Defendant discovers any irregularity or abuse in connection with any transaction effected for a Virginia customer by William Joseph Lang or receives any complaint from a Virginia customer against William Joseph Lang, that individual shall promptly notify the Commission in writing.

(6) Within thirty (30) days from the date of this Order Accepting Offer of Settlement, Defendant will file with the Division an affidavit, executed by an appropriate officer of Defendant, which will contain the following information: (i) a copy of Defendant's mutual fund new account form for use for all Virginia residents who are currently mutual fund customers, or who become mutual fund customers of Defendant, that includes the information set forth in Commission Securities Act Rule 21 VAC 5-20-270A.1. & 2., and (ii) the date Defendant estimates it will have completed new account forms for each of its current Virginia mutual fund customers.

(7) Within thirty (30) from the date of this Order Accepting Offer of Settlement, the compliance officer, or appointed designee, for Defendant will contact by mail all Virginia customers believed to have been introduced to Defendant by Harry Hoover Horning to advise them of the name of the account executive assigned to their accounts and to determine if they have any complaints regarding handling of their accounts.

(8) Defendant, pursuant to § 13.1-521 of the Code of Virginia, will pay a penalty to the Commonwealth in the amount of thirty thousand dollars ($30,000.00).

(9) Defendant, pursuant to § 13.1-518 of the Code of Virginia, will pay to the Commission the sum of seven thousand two hundred thirty-four dollars and sixty-eight cents ($7,234.68) as reimbursement for the costs of the Division's investigation.

(10) It is recognized and understood that if Defendant fails to comply with any of the foregoing terms and undertakings, then the Commission reserves the right to take whatever action it deems appropriate, including, but not limited to, instituting a show cause proceeding under the Virginia Securities Act or other applicable statute based on such failure to comply, on the allegations contained herein and/or on such other allegations as are warranted, and Defendant will not contest the Commission's right to commence proceedings to enforce this Order.

The Division has recommended that Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in Virginia Code § 12.1-15.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in Virginia Code § 12.1-15, Defendant's offer of settlement is accepted;

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

(3) That pursuant to Virginia Code § 13.1-521, Defendant pay a penalty to the Commonwealth in the amount of thirty thousand dollars ($30,000.00) and the Commonwealth recover of and from Defendant such amount;

(4) That pursuant to Virginia Code § 13.1-518, Defendant pay to the Commission the amount of seven thousand two hundred thirty-four dollars and sixty-eight cents ($7,234.68) for the cost of the Division's investigation;

(5) That the sum of thirty-seven thousand two hundred thirty-four dollars and sixty-eight cents ($37,234.68) tendered by Defendant is accepted; and

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

CASE NO. SEC970006
JUNE 13, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
McCARN ENTERPRISES, INC. AND
McCARN'S ALLSTATE FINANCE, INC.
d/b/a McCARN'S ALLSTATE FINANCE
AND ALLSTATE FINANCE, INC.,
Defendants

ORDER ACCEPTING OFFER OF SETTLEMENT

On February 13, 1997, a Rule to Show Cause was issued in this case, and thereafter served upon the Defendants in accordance with law. In the Rule to Show Cause, it was alleged that the Defendants, in 1994 and acting through agents, offered and sold in Virginia certain securities to Virginia residents in several transactions; that the securities so offered and sold were promissory notes which were not registered under the Virginia Securities Act ("the Act"), Virginia Code § 13.1-501 et seq.; and that the agents employed by the Defendants to offer and sell the securities were not registered as required by the Act. The Defendants, while denying that their actions constitute violations of the Act, admit the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement.

As a proposal to settle all matters arising from the allegations made against them, the Defendants have offered, and agree to comply with, the following terms and undertakings:

(A) Defendants will, within fourteen days of the date of entry of this order, file a written report with the Division of Securities and Retail Franchising ("the Division") setting forth, with respect to each person who was a resident of Virginia at the time such person purchased a promissory note issued by either Defendant, the following information:

(1) The name or names of the person(s) and their current address(es) and telephone number(s);

(2) The date(s) and principal amount(s) of the note(s) purchased;

(3) The date when all principal and accrued interest was paid to the person(s), if paid;

(4) The principal amount remaining unpaid to the person(s); and

(5) The end date of the current renewal period of the note(s).

(B) Defendants will pay promptly, at the end of the current renewal period, all principal and accrued interest represented by the promissory notes described in Paragraph (A), and file written evidence of such payment with the Division.

(C) Defendants will be permanently enjoined form offering or selling securities in Virginia, unless such securities are registered under the Act, or exempt therefrom.

(D) Defendants will be permanently enjoined from employing any agent to offer or sell any security in Virginia, unless such agent is registered under the Act, or exempt therefrom.

(E) It is recognized and understood that if the Defendants fail to comply with any of the foregoing terms and undertakings, then the Commission reserves the right to take whatever action it deems appropriate, including but not limited to, instituting a show cause proceeding under the Virginia Securities Act or other applicable statutes based on such failure to comply, on the allegations contained herein and/or on such other allegations as are warranted, and the Defendants will not contest the exercise of the right reserved.

The Division has recommended that the Defendants' offer of settlement be accepted pursuant to the authority granted to the Commission in Virginia Code § 12.1-15.

Accordingly, IT IS ORDERED THAT:

(1) Defendants' offer of settlement is accepted pursuant to Virginia Code § 12.1-15.

(2) Defendants shall fully comply with the foregoing terms and undertakings of the settlement.

(3) Defendants, and each of them, is permanently enjoined from offering or selling securities in Virginia unless such securities are registered, or exempt therefrom, and also permanently enjoined from employing any agent to offer or sell any security in Virginia unless such agent is registered under the Act, or exempt therefrom , all pursuant to Virginia Code § 13.1-519.

(4) Defendants are barred from registering any security under the Act until they have complied with the provisions of paragraphs (A) and (B) of this order. Thereafter, entry of this order shall not, in and of itself, bar the Defendants, or either of them, from registering any security under the Act.

(5) The Commission retains jurisdiction in this matter for all purposes, including the institution of a show cause proceeding as described above, or taking such other action as it deems appropriate on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

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

CASE NO. SEC970007
JULY 10, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
DIRECT PARTICIPATION SERVICES, INC., d/b/a GOVERNMENT FINANCIAL,
Defendant

FINAL ORDER AND JUDGMENT

By Rule to Show Cause dated February 13, 1997, the Commission, among other things, assigned this case to a Hearing Examiner to conduct a hearing for the Commission. At the conclusion of the April 9, 1997 hearing, the Hearing Examiner issued his report setting forth his recommended findings of fact and conclusions of law. Upon consideration of the Report and the evidence received in this case, the Commission finds that:

(1) Defendant Direct Participation Services, Inc. (Direct) is or was, at all relevant times, a Delaware corporation having a place of business in the state of California.

(2) The Rule to Show Cause was served upon the defendant as required by law, and the Report of the Hearing Examiner was mailed to the defendant.

(3) The defendant did not file a responsive pleading, appear, or file comments to the Hearing Examiner's Report.

(4) In 1994 and 1995 Direct, acting through agents, offered and sold certain securities, promissory notes, in Virginia to several Virginia residents.

(5) Neither the agents employed by Direct nor the securities offered and sold by Direct were registered under the Virginia Securities Act (the Act).

(6) The aforesaid acts of Direct constitute thirty-two violations of the Act, to wit:

a. Employing an unregistered agent in violation of § 13.1-504(B) in sixteen transactions, and

b. Offering and selling unregistered securities in violation of § 13.1-507 in sixteen transactions.

(7) The defendant should be penalized for such violations and enjoined from the commission of like violations of law in the future. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to § 13.1-521 of the Act, defendant Direct is penalized in the sum of one hundred sixty thousand dollars ($160,000), which sum the Commonwealth shall recover from said defendant with interest at 9% per year until paid.

(2) Pursuant to § 13.1-519 of the Act, defendant Direct is hereby permanently enjoined from violation of §§ 13.1-504(B) and 13.1-507 of the Act.

(3) Defendant is assessed with costs of investigation in this case in the sum of two thousand two hundred fifty dollars ($2,250), which sum the Commission shall recover from the defendant with interest at 9% per year until paid.

(4) This case is dismissed from the docket, and the papers herein shall be placed among the ended cases.

CASE NO. SEC970009
FEBRUARY 26, 1997

APPLICATION OF
SOUTHSIDE CHURCH OF THE NAZARENE OF RICHMOND, VIRGINIA

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated November 22, 1996, with exhibits attached thereto, as subsequently amended, of Southside Church of the Nazarene of Richmond, Virginia ("SCN") located at 4003 Cogbill Road, Richmond, VA 23234, requesting that certain First Deed of Trust Bonds be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5) and that certain members of SCN be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: SCN is an unincorporated Virginia organization operating not for private profit but exclusively for religious, educational and benevolent purposes; SCN intends to offer and sell First Deed of Trust Bonds, Series 1997 I, II, III in an approximate aggregate amount of $3,500,000.00 on terms and conditions as more fully described in the Prospectus filed as a part of the application; said securities are to be offered and sold by a bond sales committee composed of members of SCN who will not be compensated for their sales efforts; and said securities may also be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by SCN in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the members of the bond sales committee be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NO. SEC970013
MARCH 13, 1997

APPLICATION OF
THE CORE NETWORK

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated November 19, 1996, with exhibits attached thereto, of The CORE Network ("CORE"), requesting that certain certificates that CORE proposes to issue be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5) and that certain officers of CORE be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: CORE is a nonstock, nonprofit mutual benefit corporation organized under the laws of the State of California as a trade association; CORE intends to issue up to ten (10) membership certificates, for an aggregate amount of $50,000, on terms and conditions as more fully described in CORE's letter of application; and, the membership certificates will be offered and sold by officers of CORE who will not be compensated for their sales efforts.

THE COMMISSION, based on the facts asserted by CORE in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the certificates described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the officers of CORE who offer and sell the membership certificates be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NO. SEC970014
MARCH 13, 1997

APPLICATION OF
THE ALLIANCE DEVELOPMENT FUND, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated February 10, 1997, with exhibits attached thereto, of The Alliance Development Fund, Inc. ("ADF"), requesting that up to $45,000,000 in aggregate principal amount of unsecured debt securities that ADF proposes to issue be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5) and that certain officers of ADF be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: ADF is a nonprofit corporation organized under the laws of the State of Colorado exclusively for religious purposes; ADF intends to offer and sell up to $23,000,000 in aggregate principal amount of The Alliance Development Fund, Inc. Investment Certificates, $12,000,000 in aggregate principal amount of The Alliance Development Fund, Inc. Agreements, $9,000,000 in aggregate principal amount of The Alliance Development Fund, Inc. Retirement Agreements and $1,000,000 in aggregate principal amount of The Alliance Development Fund, Inc. 403(b) Agreements (collectively, the "Securities") on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and, the Securities will be offered and sold by officers of ADF who will not be compensated for their sales efforts.

THE COMMISSION, based on the facts asserted by ADF in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the officers of ADF who offer and sell the Securities be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NO. SEC970016
AUGUST 5, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex parte, in re: Promulgation of rules and forms pursuant to Va. Code § 13.1-523 (Securities Act)

ORDER AMENDING AND ADOPTING RULES

Pursuant to order dated July 21, 1997, this matter came on for hearing before the Commission at 10:00 a.m. on July 31, 1997. At the hearing, the Commission received the testimony and exhibits of four members of the Division of Securities and Retail Franchising ("Division"). Upon consideration of the evidence adduced in this case, the Commission is of the opinion and finds the following:

On or about May 23, 1997, the Division mailed to all broker-dealers, investment advisors and mutual funds of record in the Division, and to others, a "Notice to Interested Persons" ("Notice") which provided summary notice of proposed new Securities Act Rules and forms, of proposed amendments to existing Securities Act Rules and forms, and of the opportunity to file comments and request to be heard with respect to any objections to the proposals. The Notice was published in several newspapers in circulation in various geographic areas of the Commonwealth. In addition, the Notice, as well as the text of the proposals, was published in "The Virginia Register of Regulations," Vol. 13, Issue 18, May 26, 1997, beginning at page 2268. Of the seven persons who filed comments, two asked for a hearing and two others asked to be notified of any scheduled hearing.

Between the date that the comments were filed and the date of the hearing, the commentors who asked for the hearing and the Division were able to resolve to their mutual satisfaction the issues raised, and the two requests to be heard were withdrawn. Consequently, no commentors, or persons other than Commission personnel, appeared at the hearing.

The Director of the Division and three of the Division Chiefs testified that most of the proposed changes result from the passage by Congress of the National Securities Markets Improvements Act of 1996 and corresponding 1997 amendments to the Virginia Securities Act. The proposals also include a number of substantive changes prompted by problems in the "penny stock" area, an exemption for offers made via the Internet or similar carriers, and technical modifications to various rules and forms. Further, the Staff witnesses discussed the material comments and recommendations filed, explained why the Division agreed or disagreed with the comment or recommendation, and described what revision, if any, to a proposed new or modified rule the Division recommended be adopted by the Commission. Exhibit RT-1 received in evidence contains all of the rules and forms under consideration in this proceeding. Proposed new language is identified by underlining. Proposed deletions are indicated by strikeovers. Revisions to the proposals are enclosed in brackets.

After the Division concluded the presentation of its evidence, the Commission ruled from the bench that the proposed rules and forms, as revised, are adopted, and directed that an appropriate order be prepared. Accordingly, it is

ORDERED THAT:

(1) The proposed rules and forms, as revised, that are the subject of this proceeding are adopted and shall become effective as of September 1, 1997. A copy of the rules and forms hereby adopted is attached to and made a part of this Order.

(2) This matter is dismissed from the Commission's docket and the papers herein be placed in the file for ended causes.

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

CASE NO. SEC970016
AUGUST 13, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

Ex parte, in re: Promulgation of rules and forms pursuant to Va. Code § 13.1-523 (Securities Act)

AMENDING ORDER

On August 5, 1997, the Commission, by Order Amending and Adopting Rules, amended certain Securities Act rules and forms, effective September 1, 1997. It now appearing that the prior order should be modified, it is,

ORDERED that the Order Amending and Adopting Rules entered herein on August 5, 1997, is amended to provide that:

(1) Chapter 50, Registration Regulations, 21 VAC 5-50-10 through 5-50-230, and Chapter 70, Options and Warrants, 21 VAC 5-70-10, of the current regulations are repealed as of September 1, 1997.

(2) Chapter 85, Forms, 21 VAC 5-85-10, is modified by deletion of "(4/97)" from the reference to new Form NF.

IT IS FURTHER ORDERED that the prior order shall remain in force and effect, as amended herein.

CASE NO. SEC970017
MARCH 26, 1997

APPLICATION OF
CHURCH EXTENSION PLAN

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated February 18, 1997, with exhibits attached thereto, of Church Extension Plan ("CEP"), requesting that certain promissory notes that CEP proposes to issue be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5).

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: CEP is a nonprofit corporation organized under the laws of the State of Oregon exclusively for charitable, religious and educational purposes; CEP intends to offer and sell Unsecured Promissory Notes (the "Notes") in an approximate aggregate amount of $7,000,000 on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and, the Notes are to be offered and sold by officers and employees of CEP who are registered under the Securities Act.

THE COMMISSION, based on the facts asserted by CEP in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act.

CASE NO. SEC970021
APRIL 11, 1997

APPLICATION OF
MOUNT OLIVET BAPTIST CHURCH

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated March 24, 1997, with exhibits attached thereto, as subsequently amended, of Mount Olivet Baptist Church ("MOB") located at 210 South Market Street, Petersburg Virginia 23803, requesting that certain First Mortgage Bonds, 1997 Series be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5).

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: MOB is an unincorporated Virginia organization operating not for private profit but exclusively for religious, educational and benevolent purposes; MOB intends to offer and sell First Mortgage Bonds, 1997 Series in an approximate aggregate amount of $1,630,000.00 on terms and conditions as more fully described in the Prospectus filed as a part of the application; said securities are to be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by MOB in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act.

CASE NO. SEC970023
APRIL 28, 1997

APPLICATION OF
EBENEZER BAPTIST CHURCH

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated February 25, 1997, with exhibits attached thereto, as subsequently amended, of Ebenezer Baptist Church ("EBC") located at 875 Baker Road, Virginia Beach, VA 23462, requesting that certain First Deed of Trust Bonds be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5) and that certain members of EBC be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: EBC is an unincorporated Virginia organization operating not for private profit but exclusively for religious, educational and benevolent purposes; EBC intends to offer and sell First Deed of Trust Bonds in an approximate aggregate amount of $650,000.00 on terms and conditions as more fully described in the Prospectus filed as a part of the application; said securities are to be offered and sold by a bond sales committee composed of members of EBC who will not be compensated for their sales efforts; and said securities may also be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by EBC in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the members of the bond sales committee be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NO. SEC970025
APRIL 28, 1997

APPLICATION OF
NATIONAL COVENANT PROPERTIES

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated February 27, 1997, with exhibits attached thereto, of National Covenant Properties ("NCP"), requesting that certain debt securities to be issued by NCP be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5) and that certain officers of NCP be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: NCP is a nonprofit corporation organized under the laws of the State of Illinois exclusively for religious purposes; NCP intends to offer and sell up to $18,000,000 in aggregate principal amount of 5-Year Fixed Rate Renewable Certificates (Series A), 30-Day Certificates (Series G), and Individual Retirement Account Certificates (together, the "Certificates") on terms and conditions as more fully described in the Offering Circular filed as a part of the application; and, the Certificates will be offered and sold by officers of NCP who will not be compensated for their sales efforts.

THE COMMISSION, based on the facts asserted by NCP in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the officers of NCP who offer and sell the Certificates be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NO. SEC970026
MAY 7, 1997

APPLICATION OF
ST. MATTHEW'S UNITED METHODIST CHURCH

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated April 4, 1997, with exhibits attached thereto, as subsequently amended, of St. Matthew's United Methodist Church ("St. Matthew's"), located at 8617 Little River Turnpike, Annandale, Virginia, requesting that certain bonds to be issued by St. Matthew's be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5) and that certain members of St. Matthew's be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: St. Matthew's is an unincorporated Virginia organization operating not for private profit but exclusively for religious purposes; St. Matthew's intends to offer and sell General Deed of Trust Bonds in an approximate aggregate amount of $1,162,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; said securities are to be offered and sold by a bond sales committee composed of members of St. Matthew's who will not be compensated for their sales efforts; and, said securities may also be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by St. Matthew's in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the members of the bond sales committee be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NOS. SEC970027 and SEC970028
JUNE 25, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
TEL ADVISORS, INC. OF VIRGINIA
and
THEODORE E. LOUD,
Defendants

ORDER ACCEPTING OFFER OF SETTLEMENT

IT APPEARING to the State Corporation Commission of Virginia ("Commission") that the Defendants, TEL ADVISORS, INC. of Virginia ("Company") and Theodore E. Loud, without admitting or denying the allegations of the Division of Securities and Retail Franchising ("Division") contained in the Rule to Show Cause issued in this matter on May 2, 1997, have made an offer to compromise and settle all matters arising therein by agreeing to the form, substance and entry of this Order Accepting Offer of Settlement and by representing and undertaking that:

(1) Company will not, indirectly or directly, transact business in this Commonwealth as an investment advisor unless so registered under the Virginia Securities Act;

(2) Company will employ, for purposes of providing investment advisory services in this Commonwealth, only investment advisor representatives who are so registered under the Virginia Securities Act;

(3) Theodore E. Loud will not, indirectly or directly, transact business in this Commonwealth as an investment advisor representative unless so registered under the Virginia Securities Act;

(4) Pursuant to Virginia Code § 13.1-518A, Theodore E. Loud and Company will jointly pay to the Commission two thousand dollars ($2,000) on or before July 8, 1997 to defray the cost of the investigation and, pursuant to Virginia Code § 13.1-521, Theodore E. Loud and Company will jointly pay to the Commonwealth as a penalty five thousand dollars ($5,000), payable as follows: two thousand five hundred dollars ($2,500) on or before August 8, 1997 and two thousand five hundred dollars ($2,500) on or before September 8, 1997; and,

(5) It is recognized and understood that if the Defendants fail to comply with any of the foregoing terms and undertakings, then the Commission reserves the right to take whatever action it deems appropriate, including, but not limited to, instituting a show cause proceeding under the Virginia Securities Act or other applicable statutes based on such failure to comply, on the allegations contained herein and/or on such other allegations as are warranted and the Defendants will not contest the exercise of the right reserved.

The Division has recommended that the Defendants' offer of settlement be accepted pursuant to the authority granted to the Commission in Virginia Code § 12.1-15.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in Virginia Code § 12.1-15, the Defendants' offer of settlement is accepted;

(2) That the Defendants fully comply with the aforesaid terms and undertakings of the settlement;

(3) That, pursuant to Virginia Code § 13.1-518A, Theodore E. Loud and Company shall jointly pay to the Commission two thousand dollars ($2,000) on or before July 8, 1997 to defray the cost of the investigation, and that pursuant to Virginia Code § 13.1-521, Theodore E. Loud and Company shall jointly pay to the Commonwealth as a penalty the sum of five thousand dollars ($5,000) as follows: two thousand five hundred dollars ($2,500) on or before August 8, 1997 and two thousand five hundred dollars ($2,500) on or before September 8, 1997, and that the Commission and the Commonwealth recover of and from the Defendants said amounts; and,

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

CASE NO. SEC970029
MAY 19, 1997

APPLICATION OF
PLYMOUTH HAVEN BAPTIST CHURCH

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated April 8, 1997, with exhibits attached thereto, as subsequently amended, of Plymouth Haven Baptist Church ("PHBC") located at 8523 Fort Hunt Road, Alexandria, VA 22308, requesting that certain First Deed of Trust Serial Sinking Fund Bonds Series 1997-A be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5) and that certain members of PHBC be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: PHBC is an unincorporated Virginia organization operating not for private profit but exclusively for religious, educational and benevolent purposes; PHBC intends to offer and sell First Deed of Trust Serial Sinking Fund Bonds in an approximate aggregate amount of $1,200,000.00 on terms and conditions as more fully described in the Prospectus filed as a part of the application; said securities are to be offered and sold by a bond sales committee composed of members of PHBC who will not be compensated for their sales efforts; and said securities may also be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by PHBC in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the members of the bond sales committee be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NO. SEC970030
MAY 19, 1997

APPLICATION OF
CHURCH OF CHRIST AT MAPLE VIEW

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated April 14, 1997, with exhibits attached thereto, as subsequently amended, of Church of Christ at Maple View ("CCMV"), requesting that certain bonds to be issued by CCMV be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5) and that certain members of CCMV be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: CCMV is an unincorporated West Virginia organization operating not for private profit but exclusively for religious purposes; CCMV intends to offer and sell First Deed of Trust Bonds, Series 1997-I (the "Bonds") in an approximate aggregate amount of $600,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; the Bonds are to be offered and sold by certain members of CCMV who will not be compensated for their sales efforts; and, the Bonds may also be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by CCMV in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the members of CCMV who offer and sell the Bonds be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NO. SEC970033
MAY 30, 1997

APPLICATION OF
BRUCE C. GOTTWALD, JR.

For an official interpretation pursuant to Va. Code § 13.1-525

OFFICIAL INTERPRETATION

THIS MATTER came before the Commission for consideration upon the letter-application of Bruce C. Gottwald, Jr., ("Applicant") dated October 17, 1996, as amended and resubmitted by letters dated January 24, 1997, and March 21, 1997, and as supplemented by letter dated May 13, 1997, filed under Va. Code § 13.1-525 by its counsel and upon payment of the requisite fee. Applicant has requested a determination that neither Applicant nor Jonah, L.L.C. is an "investment advisor" or "investment advisor representative" and, consequently, both are excluded from the registration and other provisions of the Securities Act (Va. Code § 13.1-501 et seq.) ("Act") applicable to an investment advisor and investment advisor representative.

The pertinent information contained in the application is summarized as follows: Applicant formed Jonah, L.L.C. ("Jonah") under the Virginia Limited Liability Company Act, is its sole manager, and is one of its two members (Applicant's father is the other member of Jonah). Jonah's primary business will be to provide management services designed to simplify and consolidate the management of family assets held by Fulton, L.L.C. ("Fulton"), also a Virginia limited liability company. Fulton will be the sole client of Jonah. In addition to management services, Jonah will provide Fulton with information summaries and investment advice, and will monitor the performance of custodians, transfer and pricing agents, accountants, lawyers, and others who deal with Fulton. To handle investment recommendations and securities trading responsibilities, Jonah will contract with an investment advisor who currently is so registered under the Securities Act as well as the Investment Advisers Act of 1940. The initial members of Fulton are Applicant, Applicant's parents and two brothers, trusts for the benefit of Applicant's family, his two brothers and their descendants, and a limited partnership owned by these individuals and trusts. Membership in Fulton is limited to 50 individuals who are related to Applicant by blood or by marriage and who will be members either directly or indirectly (an individual will be an indirect member if a limited liability company, partnership, corporation or trust in which he or she has an ownership interest or is a beneficiary, as the case may be, is a member of Fulton). In the event of divorce or death of an individual, any membership interest in Fulton owned by such person will be redeemed if such interest would, after the event, be owned by an individual who is not a descendant, or spouse of a descendant, of Applicant. Regardless of the number of entities that may be members of Fulton, no more than 50 individuals will be the ultimate recipients of Jonah's services. Applicant and Jonah will not render services, or hold themselves out as available to render services, to the general public.

Applicant asserts that because of the relationships among the individuals and entities involved with Jonah, the limitation on the number of individuals that can be members of Fulton, and Jonah's use of a registered investment advisor, the protections provided by the Securities Act are not needed by Fulton and its members. Given the facts and circumstances of this matter, these assertions have merit.

The Commission, upon consideration of and in reliance on the information submitted, is of the opinion and finds that neither Applicant nor Jonah is an investment advisor and that Applicant is not an investment advisor representative. It is, therefore,

ORDERED that Bruce C. Gottwald, Jr. and Jonah, L.L.C. are excluded from the definitions of "investment advisor" and that Bruce C. Gottwald, Jr. is excluded from the definition of "investment advisor representative" as set forth in the Securities Act, and both are excluded from the registration and other provisions of the Securities Act applicable to investment advisors and investment advisor representatives.

CASE NO. SEC970033
JUNE 27, 1997

APPLICATION OF
BRUCE C. GOTTWALD, JR.

For an official interpretation pursuant to Va. Code § 13.1-525

AMENDING ORDER

By order dated May 30, 1997, the Commission rendered an Official Interpretation based on the application filed by Bruce C. Gottwald, Jr. ("Applicant"). On June 19, 1997, the Applicant, by his counsel, submitted a Petition for Reconsideration of Official Interpretation, asserting, among other things, that the Official Interpretation contains an erroneous statement in the summary of pertinent information on which the Commission based its action.

The language asserted to be erroneous is set forth in the first sentence on page 3 of the Official Interpretation, to wit: "In the event of divorce or death of an individual, any membership interest in Fulton owned by such person will be redeemed if such interest would, after the event, be owned by an individual who is not a descendant, or spouse of a descendant, of *Applicant*" (emphasis added). Applicant submits that the application indicates, and requests that the Official Interpretation be modified to read, that upon the happening of a described event, redemption will occur if an interest would be owned by an individual not a descendant or spouse of a descendant of *Applicant's father*, Mr. Bruce C. Gottwald, Sr.

The Commission, upon the recommendation of its Staff and consideration of the petition, is of the opinion and finds that the petition should be granted and the Official Interpretation amended. It is, therefore,

ORDERED that the first sentence on page 3 of the aforesaid Official Interpretation be, and it hereby is, amended by deleting the language stricken and inserting the language italicized, as follows: "In the event of divorce or death of an individual, any membership interest in Fulton owned by such person will be redeemed if such interest would, after the event, be owned by an individual who is not a descendant, or spouse of a descendant, of ~~Applicant~~ *Applicant's father*."

CASE NO. SEC970034
JUNE 5, 1997

APPLICATION OF
METROPOLITAN COMMUNITY CHURCH OF NORTHERN VIRGINIA

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated May 6, 1997, with exhibits attached thereto, as subsequently amended, of Metropolitan Community Church of Northern Virginia ("MCC NOVA"), located at 7245 Lee Highway, Falls Church, Virginia, requesting

that certain bonds be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5) and that certain officers of MCC NOVA be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: MCC NOVA is an unincorporated Virginia organization operating not for private profit but exclusively for religious purposes; MCC NOVA intends to offer and sell First Deed of Trust Bonds (Series 1997-A) and General (Second) Deed of Trust Bonds (Series 1997-B) (together, the "Bonds") in approximate aggregate amounts of $244,500 and $95,500, respectively, on terms and conditions as more fully described in the Prospectus filed as a part of the application; said securities are to be offered and sold by certain officers of MCC NOVA who will not be compensated for their sales efforts; and, said securities may also be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by MCC NOVA in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the officers of MCC NOVA who offer and sell the Bonds be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NO. SEC970035
JUNE 27, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
JULIO C. MEADE,
Defendant

ORDER OF SETTLEMENT

The Commission's Division of Securities and Retail Franchising has instituted an investigation of the Defendant, Julio C. Meade ("Meade"), pursuant to Virginia Code § 13.1-518.

As a result of the investigation the Division alleges that (1) Meade offered for sale and sold to at least one Virginia resident, an unregistered security in the form of a promissory noted issued by Aquacube, Inc., and denominated Debenture with Royalties, in violation of Virginia Code Section 13.1-507, (2) while employed as a registered agent of VRS Financial Services, Inc., in May 1994, Meade acted in this Commonwealth as an unregistered agent of Aquacube, Inc., in the offer and sale of its securities in the form of promissory notes, Aquacube, Inc., Debenture with Royalties, in violation of Virginia Code Section 13.1-504, (3) while employed as a registered agent of VRS Financial Services, Inc., in May 1994, Meade effected securities transactions not recorded on the regular books or records of VRS Financial Services, Inc. in violation of the Commission's Securities Act Rule 21 VAC 5-20-280 B.2, (4) Meade offered for sale and sold unregistered securities in the form of investment contracts and solicited investments for his private venture, Laundry 911, in violation of Virginia Code Section 13.1-507, (5) while employed as a registered agent of G-W Brokerage Services, Inc., in March and April 1995, Meade acted in this Commonwealth as the unregistered agent of Laundry 911 in the offer and sale of its securities, in violation of Virginia Code Section 13.1-504, and (6) while employed as a registered agent of G-W Brokerage Services, Inc., in March and April 1995, Meade effected securities transactions not recorded on the regular books or records of G-W Brokerage Services, Inc., in violation of the Commission's Securities Act Rule 21 VAC 5-20-280 B.2. The Defendant neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order of Settlement.

As a proposal to settle all matters arising from the allegations made against him, the Defendant has offered, and agreed to comply with, the following terms and undertakings:

(1) Julio C. Meade will offer for sale and sell in the Commonwealth, whether directly or indirectly, only securities that are registered under the Virginia Securities Act or exempted therefrom.

(2) Julio C. Meade will not, directly or indirectly, transact business in the Commonwealth as an agent unless so registered under the Virginia Securities Act or exempted therefrom.

(3) Julio C. Meade will not, directly or indirectly, effect any securities transactions not recorded on the regular books and records of the broker-dealer which he represents, unless the transaction is authorized in writing by the broker-dealer prior to execution of the transaction.

(4) Julio C. Meade will refrain from any conduct which constitutes a violation of the Virginia Securities Act or the Rules promulgated thereunder.

(5) Julio C. Meade will pay to the Commonwealth a penalty in the amount of ten thousand dollars ($10,000.00) and will pay to the Commission the sum of one thousand dollars ($1,000.00) to defray the costs of the investigation.

(6) Julio C. Meade will pay the total sum of eleven thousand dollars ($11,000.00) in the following manner: three thousand dollars ($3,000.00) to be tendered contemporaneously with the entry of this order and the payment of the balance of eight thousand dollars ($8,000.00) to be made in four equal payments of two thousand dollars ($2,000.00) each on or before July 15, 1997, August 15, 1997, September 15, 1997, and October 15, 1997; and,

(7) It is recognized and understood that if the Defendant fails to comply with the foregoing terms and undertakings, then the Commission reserves the right to take whatever additional action it deems appropriate, including, but not limited to, instituting a show cause proceeding under the Securities Act or other applicable statute based on the failure to comply as well as on the allegations contained therein and/or such other allegations as are warranted, and that the Defendant will not contest the exercise of the right reserved.

The Division has recommended that the Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in Virginia Code § 12.1-15.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in Virginia Code § 12.1-15, the Defendant's offer of settlement is accepted;

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

(3) That Julio C. Meade, pursuant to Virginia Code § 13.1-521, pay to the Commonwealth a penalty in the amount of ten thousand dollars ($10,000.00) and, pursuant to Virginia Code § 13.1-518(A), pay to the Commission the sum of one thousand dollars ($1,000.00) to defray the costs of the investigation, and that the Commonwealth of Virginia and the Commission recover of and from the Defendant said amounts;

(4) That the three thousand dollars ($3,000.00) tendered by Julio C. Meade contemporaneously with the entry of this order is accepted as partial payment of the total amount due;

(5) That the balance of the eight thousand dollars ($8,000.00) shall be paid in four equal payments of two thousand dollars ($2,000.00) each on or before July 15, 1997, August 15, 1997, September 15, 1997, and October 15, 1997; and,

(6) That the Commission shall retain jurisdiction in this matter for all purposes.

CASE NO. SEC970043
NOVEMBER 4, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
ROGER DANTONI,
Defendant

SETTLEMENT ORDER

IT APPEARING to the State Corporation Commission of Virginia ("Commission") that Roger Dantoni ("Defendant"), without admitting or denying the allegations of the Division of Securities and Retail Franchising ("Division") contained in a Rule to Show Cause issued in this case on July 8, 1997, but admitting the Commission's jurisdiction and authority to enter this Settlement Order ("Order"), has made an offer to compromise and settle all matters arising therein by agreeing to the form, substance and entry of this Order and by offering and agreeing to comply with the following terms and undertakings:

(1) The Defendant will be permanently enjoined from, directly or indirectly, transacting business in this Commonwealth as an agent for the purpose of offering and selling securities, unless he is so registered under the Virginia Securities Act or exempt therefrom.

(2) The Defendant will be permanently enjoined from, directly or indirectly, offering or selling securities in this Commonwealth, unless such securities are registered under the Virginia Securities Act or exempt therefrom.

The Division has recommended that the Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia, the Defendant's offer of settlement is accepted;

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

(3) That the Defendant is permanently enjoined from, directly or indirectly, transacting business in this Commonwealth as an agent for the purpose of offering or selling securities, unless he is so registered under the Virginia Securities Act or exempt therefrom;

(4) That the Defendant is permanently enjoined from, directly or indirectly, offering or selling securities in this Commonwealth, unless such securities are registered under the Virginia Securities Act or exempt therefrom;

(5) That this case is dismissed from the Commission's docket and the papers herein be placed in the file for ended causes.

CASE NO. SEC970054
SEPTEMBER 23, 1997

APPLICATION OF
NEW LIFE CHRISTIAN CENTER

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated September 26, 1996, with exhibits attached thereto, as subsequently amended, of New Life Christian Center ("New Life"), requesting that certain bonds to be issued by New Life be exempted from the securities registration requirements of the Securities Act (§ 13.1 et seq. of the Code of Virginia) pursuant to § 13.1-514.1 B.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: New Life is an unincorporated Virginia organization operating not for private profit but exclusively for religious, educational and benevolent purposes; New Life intends to offer and sell First Mortgage Bonds in an approximate aggregate amount of $700,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; and, said securities will be offered and sold by broker-dealers who are registered under the Securities Act.

THE COMMISSION, based on the facts asserted by New Life in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Code of Virginia, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act.

CASE NO. SEC970055
JULY 25, 1997

APPLICATION OF
CALVERT SOCIAL INVESTMENT FOUNDATION

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated May 5, 1997, with exhibits attached thereto, as subsequently amended, of Calvert Social Investment Foundation ("CSIF"), requesting that certain notes be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5).

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: CSIF is a Maryland organization operating not for private profit but exclusively for community development and benevolent purposes; CSIF intends to offer and sell notes in an approximate aggregate amount of $50,000,000.00 on terms and conditions as more fully described in the Prospectus filed as a part of the application; and said securities are to be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by CSIF in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act.

CASE NO. SEC970058
JULY 21, 1997

APPLICATION OF
BETHESDA FOUNDATION

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application, with exhibits attached thereto, by counsel to the underwriter, Ziegler Securities, a Division of B.C. Ziegler and Company, dated June 27, 1997, requesting that certain bonds to be issued by Bethesda Foundation (the "Foundation") be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5) pursuant to Virginia Code § 13.1-514.1 B.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: The Foundation is a nonprofit Nebraska corporation formed exclusively for charitable and religious purposes; the Foundation intends to issue Taxable Revenue Refunding Bonds (Bethesda Foundation-ViewPointe Project) Series 1997C (the "Series 1997C Bonds") in an approximate aggregate amount of $4,030,000 on terms and conditions as more fully described in the Offering Memorandum filed as a part of the application; and, the Series 1997C Bonds will be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the representations made in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and shall be offered or sold in Virginia only by broker-dealers which are so registered under the Securities Act.

CASE NO. SEC970059
JULY 21, 1997

APPLICATION OF
BETHESDA ASSOCIATES

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application, with exhibits attached thereto, by counsel to the underwriter, Ziegler Securities, a Division of B.C. Ziegler and Company, dated July 11, 1997, requesting that a guaranty to be issued as part of a bond offering by Bethesda Foundation (the "Foundation") be exempted from the securities registration requirements of the Securities Act (Code of Virginia (1950), Title 13.1, Chapter 5) pursuant to Virginia Code § 13.1-514.1 B.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: Bethesda Associates (the "Guarantor") is a nonprofit corporation organized under the laws of the State of Nebraska exclusively for religious, educational and charitable purposes; the Foundation is a nonprofit corporation organized under the laws of the State of Nebraska to own, operate and lease health care facilities and extended care facilities; the Guarantor intends to issue as part of the $4,030,000 Bethesda Foundation Taxable Revenue Refunding Bonds (Bethesda Foundation-ViewPointe Project) Series 1997C (the "Series 1997C Bonds"), a security, to wit: a guaranty whereby the Guarantor is guaranteeing payment of any and all amounts due and payable by the Foundation on the Series 1997C Bonds.

THE COMMISSION, based on the representations made in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the guaranty described above be, and it hereby is, exempted from the securities registration requirements of the Securities Act and shall be offered or sold in Virginia only by broker-dealers which are so registered under the Securities Act.

CASE NO. SEC970060
JULY 25, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
GEORGE PATSIS,
Defendant

ORDER OF SETTLEMENT

The Commission's Division of Securities and Retail Franchising has instituted an investigation of the Defendant, George Patsis ("Patsis"), pursuant to Virginia Code § 13.1-518.

As a result of the investigation, the Division alleges that, while employed as an agent with Stratton Oakmont, Inc., Patsis, on at least two occasions, executed transactions in the accounts of at least two Virginia investors without authorization, in violation of Virginia Code § 13.1-502 and the Commission's Securities Act Rules 21 VAC 5-20-280 A.4. and 21 VAC 5-20-280 B.6. The Defendant neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order of Settlement.

As a proposal to settle all matters arising from the allegations made against him, the Defendant has offered, and agreed to comply with, the following terms and undertakings:

(1) Defendant agrees to promptly terminate his registration as an agent of a broker-dealer under the Virginia Securities Act.

(2) Defendant agrees he will not for a period of twelve (12) months from the date of this Order of Settlement (i) seek to become registered under the Virginia Securities Act as an agent of a broker-dealer, (ii) engage in the offer or sale of any security to a resident of the Commonwealth of Virginia, and (iii) be associated in any supervisory capacity with any broker-dealer registered under the Virginia Securities Act.

(3) After the conclusion of the twelve (12) month period, Defendant will not be registered with any broker-dealer registered under the Virginia Securities Act unless such broker-dealer submits to the Division, by affidavit, prior agreement to the following special supervisory procedures:

(a) For the period ending twenty-four (24) months from the date of this Order of Settlement, the compliance officer, or an appointed designee, will (i) review all Defendant's Virginia customers' orders not later than the next business day after the execution of the orders to ensure compliance with Commission Securities Act Rules 21 VAC 5-20-280 A.4. and 21 VAC 5-20-280 B.6.; (ii) randomly select and contact by mail not less than forty percent (40%) of Defendant's active Virginia customers to determine if Defendant's customers have any complaints regarding Defendant's

handling of their accounts; and (iii) maintain a record of the name of each client contacted, the date on which each client was contacted, the means by which each client was contacted, and the substance of any complaint or adverse comment concerning Defendant.

(b) For the period ending twenty-four (24) months from the date of this Order of Settlement, if the compliance office, or appointed designee, discovers any irregularity or abuse in connection with any transaction effected for a Virginia customer by Defendant or receives any complaint from a Virginia customer against Defendant, that individual shall promptly notify the Commission in writing.

(4) Defendant will refrain from any further conduct which constitutes a violation of the Securities Act or the Rules promulgated thereunder.

The Division has recommended that the Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in Virginia Code § 12.1-15.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in Virginia Code § 12.1-15, the Defendant's offer of settlement is accepted;

(2) That the Defendant fully comply with the aforesaid terms and undertakings of the settlement; and,

(3) That this case is dismissed and the papers herein be placed in the file for ended causes.

CASE NO. SEC970062
AUGUST 13, 1997

APPLICATION OF
CATHOLIC DIOCESE OF RICHMOND

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application, with exhibits attached thereto, by counsel to the underwriter, Davenport & Company LLC dated July 14, 1997, requesting that a guaranty to be issued as part of a bond offering by Our Lady of Perpetual Help Health Center, Inc. (the "Center") be exempted from the securities registration requirements of the Securities Act (§ 13.1-501 et seq.) pursuant to Virginia Code § 13.1-514.1 B.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: Catholic Diocese of Richmond (the "Guarantor") is a nonprofit entity organized under the laws of the Commonwealth of Virginia exclusively for religious, educational and charitable purposes; the Center is a not-for-profit corporation organized under the laws of the Commonwealth of Virginia to own and operate the health care facilities and extended care facilities; the Guarantor intends to issue as part of the $15,245,000.00 Residential and Health Care Facility First Mortgage Revenue Bonds (Our Lady of Perpetual Help), Series 1997 (the "Bonds") a security, to wit: a guaranty whereby the Guarantor is guaranteeing payment of any and all amounts due and payable by the Center on the Bonds.

THE COMMISSION, based on the representations made in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the guaranty described above be, and it hereby is, exempted from the securities registration requirements of the Securities Act and shall be offered offered or sold by broker-dealers which are registered under the Securities Act.

CASE NO. SEC970063
AUGUST 25, 1997

APPLICATION OF
CALVARY BAPTIST CHURCH OF LYNCHBURG, CAMPBELL COUNTY, VIRGINIA

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated July 28, 1997, with exhibits attached thereto, as subsequently amended, of Calvary Baptist Church of Lynchburg, Campbell County, Virginia ("Calvary Baptist") requesting that certain bonds be exempted from the securities registration requirements of the Securities Act (Chapter 5 (§ 13.1-501 et seq.) of Title 13.1 of the Code of Virginia) and that certain members of Calvary Baptist be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: Calvary Baptist is an unincorporated Virginia organization operating not for private profit but exclusively for religious and charitable purposes; Calvary Baptist intends to offer and sell General Deed of Trust Bonds, Series 1997A (the "Bonds") in an approximate aggregate amount of $800,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; and, said securities are to be offered and sold by certain members of Calvary Baptist who will not be compensated for their sales efforts.

THE COMMISSION, based on the facts asserted by Calvary Baptist in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to subsection B of § 13.1-514.1 of the Code of Virginia, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the members of Calvary Baptist who offer and sell the Bonds be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NO. SEC970066
DECEMBER 3, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
NETWORK 900 PARTNERS
and
SHELDON W. OLANDER,
Defendants

FINAL ORDER AND JUDGMENT

By Rule to Show Cause dated August 25, 1997, the Commission, among other things, assigned this case to a Hearing Examiner to conduct a hearing for the Commission. At the conclusion of the October 15, 1997 hearing, the Hearing Examiner issued his report setting forth his recommended findings of fact and conclusions of law. Upon consideration of the Report and the evidence received in this case, the Commission finds that:

(1) Defendant Network 900 Partners ("Network") is or was, at all relevant times, a partnership organized under California law intended to be converted to a corporation.

(2) Defendant Sheldon W. Olander ("Olander") is a natural person.

(3) The Rule to Show Cause was served upon both defendants as required by law, and a copy of the Report of the Hearing Examiner was mailed to both defendants.

(4) Neither defendant filed a responsive pleading, appeared, or filed comments to the Hearing Examiner's Report.

(5) Network employed Olander to offer and sell in Virginia certain convertible partnership interests in a 900-number telecommunication business ("the securities").

(6) In 1995 Olander, acting as Network's agent, offered and sold the securities in Virginia to a Virginia resident. In doing so, Olander induced the Virginia resident to invest money in the business with the expectation of profit to result solely from the efforts of others.

(7) When offering and selling the securities as aforesaid, Olander obtained money by means of the omission of material facts and by misrepresentation of material facts relating to his licensed status and disciplinary history in the securities business.

(8) Neither Network nor Olander was registered under the Virginia Securities Act ("the Act"), § 13.1-501 et seq. of the Code of Virginia, in any capacity.

(9) The securities offered and sold by the defendants were not registered under the Act.

(10) The aforesaid acts of Network constitute two violations of the Act, to wit:

(a) Employing Olander as an unregistered agent in violation of § 13.1-504(B) of the Act, and

(b) Offering and selling unregistered securities in violation of § 13.1-507 of the Act.

(11) The aforesaid acts of Olander constitute three violations of the Act, to wit:

(a) Misrepresenting and omitting to state material facts in connection with the offer and sale of securities in violation of § 13.1-502(2) of the Act,

(b) Transacting business in Virginia as an unregistered agent in violation of § 13.1-504(A) of the Act, and

(c) Offering and selling unregistered securities in Virginia in violation of § 13.1-507 of the Act.

(12) The defendants should be penalized for such violations, enjoined from the commission of like violations of law in the future, and required to pay the costs of investigation of this case. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to § 13.1-521 of the Act, defendant Network is penalized in the sum of ten thousand dollars ($10,000), which sum the Commonwealth shall recover from said defendant with interest at 9% per year until paid.

(2) Pursuant to § 13.1-521 of the Act, defendant Olander is penalized in the sum of fifteen thousand dollars ($15,000), which sum the Commonwealth shall recover from said defendant with interest at 9% per year until paid.

(3) Pursuant to § 13.1-519 of the Act, defendant Network is hereby permanently enjoined from violation of § 13.1-504(B) or 13.1-507 of the Act.

(4) Pursuant to § 13.1-519 of the Act, defendant Olander is hereby permanently enjoined from violation of § 13.1-504(A), 13.1-507, or 13.1-502(2) of the Act.

(5) Pursuant to § 13.1-518 of the Act, defendants are assessed, jointly and severally, with costs of investigation in this case in the sum of three hundred fifty dollars ($350), which sum the Commission shall recover from the defendants with interest at 9% per year until paid.

(6) This case is dismissed from the docket, and the papers herein shall be placed among the ended cases.

CASE NO. SEC970067
SEPTEMBER 10, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
JB OXFORD & COMPANY,
Defendant

ORDER OF SETTLEMENT

The Commission's Division of Securities and Retail Franchising ("Division") has instituted an investigation of Defendant, JB Oxford & Company, pursuant to § 13.1-518 of the Code of Virginia.

As a result of its investigation, the Division alleges that Defendant, a broker-dealer so registered under the Virginia Securities Act ("Act"), has, in violation Section 13.1-504 B of the Code of Virginia, employed an unregistered agent, specifically, Jamie Neal Richardson, who undertook to effect the sales of securities between the period of August 24, 1995 and March 20, 1996.

Defendant neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters arising from the allegations made against it, Defendant has offered, and agrees to comply with the following terms and undertakings:

(1) Defendant will not employ any unregistered agents in violation of Section 13.1-504 B of the Code of Virginia;

(2) Defendant will refrain from any further conduct which constitutes a violation of the Virginia Securities Act.

(3) Defendant, pursuant to Virginia Code § 13.1-521, will pay a penalty to the Commonwealth in the amount of five thousand dollars ($5,000.00), which will be tendered contemporaneously with the entry of this Order; and,

(4) Defendant, pursuant to Virginia Code § 13.1-518, will pay to the Commission the sum of one thousand dollars ($1,000.00) as reimbursement for the costs of the Division's investigation.

The Division has recommended that Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in Virginia Code § 12.1-15.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in Virginia Code § 12.1-15, Defendant's offer of settlement is accepted;

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

(3) That pursuant to Virginia Code § 13.1-521, Defendant shall pay a penalty to the Commonwealth in the amount of five thousand dollars ($5,000.00) and the Commonwealth recover of and from Defendant said amount;

(4) That pursuant to Virginia Code § 13.1-518, Defendant shall pay to the Commission to reimburse it for the costs of the investigation, the sum of one thousand dollars ($1,000.00);

(5) That the total sum of six thousand ($6,000.00) tendered by Defendant contemporaneously with the entry of this Order is accepted; and,

(6) That this matter is dismissed from the Commission's docket and the papers herein be placed in the file for ended causes.

CASE NO. SEC970068
SEPTEMBER 18, 1997

APPLICATION OF
REAL ESTATE INFORMATION NETWORK, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated August 21, 1997, with exhibits attached thereto, as subsequently amended, of Real Estate Information Network, Inc. ("Real Estate Newtork"), located at 2850 Ansol Lane, P. O. Box 8096, Virginia Beach, VA 23450, requesting that common shares of its stock be exempted from the securities registration requirements of the Securities Act (§ 13.1-501 et seq. of the Code of Virginia) pursuant to § 13.1-514.1 B and that certain principals of Real Estate Network be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: Real Estate Network is a Virginia stock corporation which manages the Multiple Listing Service ("MLS") for the Tidewater Virginia real estate brokerage industry; counsel for Real Estate Network has represented that it is organized and operated not for profit, but exclusively as a trade association; Real Estate Network intends to offer and sell 500 shares of it's common stock in an approximate aggregate amount of $400,000.00 on terms and conditions as more fully described in the confidential private offering memorandum filed as a part of the application.

THE COMMISSION, based on the facts asserted by Real Estate Network in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of §13.1-514.1 B of the Code of Virginia, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the principals of Real Estate Network who offer and sell, without compensation, the securities be, and they hereby are, exempted from the agent registration requirements of the Act.

CASE NO. SEC970074
SEPTEMBER 24, 1997

APPLICATION OF
CATHOLIC DIOCESE OF RICHMOND

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application, with exhibits attached thereto, by counsel to Scott & Stringfellow, Inc., dated September 5, 1997, requesting that a guaranty to be issued as part of a bond offering by the Industrial Development Authority of the County of Henrico, Virginia (the "Authority") be exempted from the securities registration requirements of the Securities Act (§ 13.1-501 et seq. of the Code of Virginia) pursuant to § 13.1-514.1 B.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: the Authority is a political subdivision of the Commonwealth of Virginia, created under the Virginia Industrial Development and Revenue Bond Act (§ 15.1-1374 et seq. of the Code of Virginia) (the "Act") to promote and further the purposes of the Act; Catholic Diocese of Richmond (the "Diocese") is a judicatory of the Roman Catholic Church organized and operated not for private profit but exclusively for religious, educational, benevolent and charitable purposes; the Diocese intends to issue as part of the Authority's $19,215,000 Residential and Health Care Facility Mortgage Revenue Refunding Bonds (Our Lady of Hope), Series 1997 (the "Bonds"), a security, to wit: a guaranty pursuant to a Guaranty Agreement dated as of October 1, 1997 whereby the Diocese is guaranteeing payment of any and all amounts due and payable on the Bonds until the termination of said Guaranty Agreement in accordance with its terms.

THE COMMISSION, based on the representations made in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of § 13.1-514.1 B of the Code of Virginia, the guaranty described above be, and it hereby is, exempted from the securities registration requirements of the Securities Act and shall be offered or sold in Virginia only by broker-dealers which are so registered under the Securities Act.

CASE NO. SEC970075
OCTOBER 2, 1997

APPLICATION OF
CHURCH DEVELOPMENT FUND, INC.

For an Order of Exemption under §13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated June 20, 1997, with exhibits attached thereto, as subsequently amended, of Church Development Fund, Inc. ("CDF") located at 905 South Euclid Street, Fullerton, CA 92632, requesting that certain unsecured debt

instruments be exempted from the securities registration requirements of the Securities Act (§ 13.1-501 et seq. of the Code of Virginia) pursuant to § 13.1-514.1 B and that sales agents of CDF meet the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: CDF is an unincorporated California organization operating not for private profit but exclusively for religious, educational and benevolent purposes; CDF intends to offer and sell unsecured debt instruments in an approximate aggregate amount of $77,500,000.00 on terms and conditions as more fully described in the Prospectus filed as a part of the application; said securities are to be offered and sold by registered agents of CDF; and said securities may also be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by CDF in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code §13.1-514.1 B of the Code of Virginia, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act.

CASE NO. SEC970077
NOVEMBER 13, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
INTERNATIONAL MONEY MANAGEMENT GROUP INC.,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT

The Commission's Division of Securities and Retail Franchising ("Division") has conducted an investigation of Defendant, International Money Management Group, Inc., pursuant to § 13.1-518 of the Code of Virginia.

As a result of its investigation, the Division alleges that Defendant, a broker-dealer so registered under the Virginia Securities Act ("Act"), has:

(A) In violation of § 13.1-507 of the Code of Virginia, through its agent, Stuart L. Petree, offered and sold unregistered securities, to wit: fractional units of Joint Venture Trading Capital Pool # 4, #5 and # 6 Partnerships, to three (3) Virginia residents in three (3) separate transactions;

(B) In violation of § 13.1-518.1 of the Code of Virginia, failed to file its 1996 annual audited financial statements within ten (10) days of the publication of such report or audit;

(C) In violation of Commission Securities Act Rule 21 VAC 5-20-260 B, failed to exercise diligent supervision over the securities activities of all of its agents;

(D) In violation of Commission Securities Act Rule 21 VAC 5-20-260 D, failed to maintain a current supervisory and procedures manual and to enforce the provisions of the firm's written procedures.

Defendant neither admits nor denies the allegations, but admits the Commission's jurisdiction and authority to enter this Order.

As a proposal to settle all matters arising from the allegations made against it, Defendant has proposed and agrees to comply with the following terms and undertakings:

(1) Defendant will refrain from any further conduct which constitutes a violation of the Virginia Securities Act or the Rules promulgated thereunder.

(2) Defendant will report to the Commission by no later than ninety (90) days from the date of this Order Accepting Offer of Settlement the following:

(a) Procedures it has developed to ensure compliance with § 13.1-507 of the Code of Virginia, Rules 21 VAC 5-20-260 B, and 21 VAC 5-20-260 D, as promulgated under the Act.

(b) Name(s) of the individual(s) overseeing compliance with § 13.1-507 of the Code of Virginia, Rules 21 VAC 5-20-260 B, and 21 VAC 5-20-260 D, as promulgated under the Act.

(3) Within thirty (30) days from the date of this Order Accepting Offer of Settlement, the compliance officer, or appointed designee, for Defendant will randomly select and contact by mail not less than seven and one-half percent (7.5%) of the Defendant's active Virginia customers to ensure compliance with the Virginia Securities Act and the Rules promulgated thereunder.

(4) For a period of twenty-four (24) months from the date of this Order Accepting Offer of Settlement, if the compliance officer, or appointed designee, of Defendant discovers any irregularity or abuse in connection with any transaction effected for a Virginia customer by agents of International Money Management Group, Inc. or receives any complaint from a Virginia customer, Defendant will promptly notify the Commission in writing.

(5) Within twenty-one days (21) of the date of this Order, Defendant will make, or cause to be made, a written offer to rescind the sale of the fractional units of the Joint Venture Trading Capital Pool # 4 and # 6 Partnerships which occurred on or about April 27, 1994, and June 28, 1994, respectively, and were purchased by International Money Management customers, Michael and Tanya Braunshteyn, as a

result of the solicitation of Stuart L. Petree; that such offer will provide for the refund of the twenty-one thousand dollars ($21,000.00) consideration paid by the investors for the purchase of the securities, together with interest thereon at the annual rate of six percent (6%) from the date of purchase, less the amount of any income received on the securities, upon the tender of the securities, or for the substantial equivalent in damages if the investors no longer own the securities; that the investors will have thirty (30) days from the date of receipt of the offer within which to either accept or reject the offer, and, that Defendant, if its offer is accepted, will make restitution within ten (10) days from the date the investors' acceptance of the offer is received by Defendant.

(6) Within twenty-one days (21) of the date of this Order, Defendant will make, or cause to be made, a written offer to rescind the sale of the fractional unit of the Joint Venture Trading Capital Pool # 5 which occurred on or about May 18, 1994 and purchased by International Money Management Group customer, Kathryn Lowe, as a result of the solicitation of Stuart L. Petree; that such offer will provide for the refund of the twenty thousand dollars ($20,000.00) consideration paid by the investor for the purchase of the security, together with interest thereon at the annual rate of six percent (6%) from the date of purchase, less the amount of any income received on the security, upon the tender of the security, or for the substantial equivalent in damages if the investor no longer owns the security; that the investor will have thirty (30) days from the date of receipt of the offer within which to either accept or reject the offer, and, that Defendant, if its offer is accepted, will make restitution within ten (10) days from the date the investor's acceptance of the offer is received by Defendant.

(7) Evidence of compliance with the provisions of paragraphs (5) and (6), above, will be filed with the Division by Defendant within seven (7) days from the date payment is remitted to the Virginia investors or from the date the offer is rejected or lapses, whichever occurs first; that such evidence will be in the form of an affidavit, executed by an appropriate officer of Defendant, which will contain the following information: (i) the date on which the Virginia investors received the offer of rescission; (ii) the date and nature of the Virginia investors' response to the offer; (iii) if applicable, the date on which payment was remitted to the Virginia investors; (iv) if applicable, the amount of payment remitted to the Virginia investors.

(8) Defendant, pursuant to § 13.1-521 of the Code of Virginia, will pay a penalty to the Commonwealth in the amount of five thousand dollars ($5,000.00).

(9) Defendant, pursuant to § 13.1-518 of the Code of Virginia, will pay to the Commission the sum of six thousand seven hundred seventy-six dollars ($6,776.00) as reimbursement for the costs of the Division's investigation.

(10) It is recognized and understood that if Defendant fails to comply with any of the foregoing terms and undertakings, then the Commission reserves the right to take whatever action it deems appropriate, including, but not limited to, instituting a show cause proceeding under the Virginia Securities Act or other applicable statute based on such failure to comply, on the allegations contained herein and/or on such other allegations as are warranted, and Defendant will not contest the exercise of the right reserved.

The Division has recommended that Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia, Defendant's offer of settlement is accepted;

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

(3) That pursuant to § 13.1-521 of the Code of Virginia, Defendant pay a penalty to the Commonwealth in the amount of five thousand dollars ($5,000.00) and the Commonwealth recover of and from Defendant said amount;

(4) That pursuant to § 13.1-518 of the Code of Virginia, Defendant pay to the Commission the amount of six thousand seven hundred seventy-six dollars ($6,776.00) for the cost of the Division's investigation;

(5) That the sum of eleven thousand seven hundred seventy-six dollars ($11,776.00) tendered by Defendant is accepted; and,

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

CASE NOS. SEC970079 and SEC970080
OCTOBER 8, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
INTERACTIVE LEARNING SYSTEMS, INC.
and
JOSEPH O. BERRY,
Defendants

ORDER OF SETTLEMENT

The Commission's Division of Securities and Retail Franchising has instituted an investigation of the Defendants, Interactive Learning Systems, Inc. ("ILS") and Joseph O. Berry, pursuant to § 13.1-518 of the Code of Virginia.

As a result of its investigation, the Division alleges that (i) Joseph O. Berry, Ann S. Berry, and ILS violated § 13.1-502(2) of the Code of Virginia by omitting to disclose material facts, including the Berry's prior business failures and ILS financial statements, in the offer and sale of ILS stock to one Virginia investor; and (ii) Joseph O. Berry and Ann S. Berry violated § 13.1-502(3) of the Code of Virginia by converting the majority of the investor's proceeds to their personal use. The Defendants neither admit nor deny these allegations, but admit the Commission's jurisdiction and authority to enter this Order of Settlement.

As a proposal to settle all matters arising from the allegations made against them, the Defendants have offered, and agreed to comply with, the following terms and undertakings:

(1) ILS and Joseph O. Berry will be permanently enjoined from directly or indirectly violating § 13.1-502 of the Code of Virginia in the offer and sale of a security;

(2) Joseph O. Berry will submit to the Division an affidavit stating (i) his current financial condition and that of ILS to establish that neither is capable of paying a monetary penalty or costs of investigation; and, (ii) that his wife, Ann S. Berry, is incapacitated and terminally ill, and, therefore, unable to enter into this Order.

The Division has recommended that the Defendants' offer be accepted pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia, the Defendants' offer of settlement is accepted;

(2) That, pursuant to § 13.1-519 of the Code of Virginia, Joseph O. Berry and ILS are permanently enjoined from violating § 13.1-502 of the Code of Virginia;

(3) That the aforementioned affidavit submitted contemporaneously with the entry of this Order is accepted and made a part of this Order; and,

(4) That this case is dismissed and the papers herein be placed in the file for ended causes.

CASE NO. SEC970081
OCTOBER 16, 1997

APPLICATION OF
MOUNT CALVARY PENTECOSTAL HOLINESS CHURCH

For an Order of Exemption under §13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated September 8, 1997, with exhibits attached thereto, as subsequently amended, of Mount Calvary Pentecostal Holiness Church ("Mount Calvary") located at 350 A. L. Philpott Highway, Axton, VA 24054, requesting that certain First Deed of Trust Bonds be exempted from the securities registration requirements of the Securities Act.(§ 13.1-501 et seq. of the Code of Virginia) pursuant to § 13.1-514.1 B of the Code of Virginia and that certain members of Mount Calvary be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: Mount Calvary is an unincorporated Virginia organization operating not for private profit but exclusively for religious, educational and benevolent purposes; Mount Calvary intends to offer and sell First Deed of Trust Bonds, Series 1997-B (the "Bonds") in an approximate aggregate amount of $300,000.00 on terms and conditions as more fully described in the Prospectus filed as a part of the application; said securities are to be offered and sold by a bond sales committee composed of members of Mount Calvary who will not be compensated for their sales efforts; and said securities may also be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by Mount Calvary in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to subsection B of § 13.1-514.1 of the Code of Virginia, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the members of the bond sales committee of Mount Calvary who offer and sell the Bonds be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NO. SEC970088
OCTOBER 17, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
STERLING FOSTER & COMPANY, INC.,
Defendant

ORDER ACCEPTING OFFER OF SETTLEMENT

The Commission's Division of Securities and Retail Franchising conducted an investigation of Defendant, Sterling Foster & Company, Inc., ("Sterling Foster"), pursuant to § 13.1-518 of the Code of Virginia.

As a result of the investigation, the Division alleges that Defendant, a broker-dealer registered under the Virginia Securities Act ("Act"), has:

(A) In violation of § 13.1- 502 (2) of the Act, conducted unlawful offers and sales in the Commonwealth by allowing their registered agents to obtain money from Virginia customers by means of untrue statements of material facts and the omission of material facts regarding securities offered through Sterling Foster.

(B) In violation of the Commission's Securities Act Rule 21 VAC 5-20-280 A3, recommended to Virginia customers the purchase of securities without reasonable grounds to believe that the recommendations were suitable based upon reasonable inquiry concerning the customers' investment objectives, financial situation and needs, and any other relevant information known by the broker-dealer.

(C) In violation of the Commission's Securities Act Rule 21 VAC 5-20-280 A4, executed at least three transactions for Virginia clients without their authorization.

Defendant neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order Accepting Offer of Settlement.

As a proposal to settle all matters arising from the allegations made against it, Defendant has proposed and agrees to comply with the following terms and undertakings:

(1) Defendant agrees to promptly terminate its registration as a broker-dealer under the Virginia Securities Act.

(2) Defendant agrees it will not in the future (a) seek to become registered as a broker-dealer under the Virginia Securities Act, and (b) engage in any securities transaction or in the offer or sale of any security exempted from registration by the Virginia Securities Act.

(3) It is recognized and understood that if the Defendant fails to comply with the foregoing terms and undertakings, then the Commission reserves the right to take whatever additional action it deems appropriate, including, but not limited to, instituting a show cause proceeding under the Securities Act or other applicable statute based on the failure to comply as well as on the allegations contained therein and/or such other allegations as are warranted, and that the Defendant will not contest the exercise of the right reserved.

The Division has recommended that Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in § 12.1-15, of the Code of Virginia, Defendant's offer of settlement is accepted;

(2) That Defendant fully comply with the aforesaid terms and undertakings of the settlement; and,

(3) That the Commission shall retain jurisdiction in this matter for all purposes.

CASE NO. SEC 970089
OCTOBER 17, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
JEAN PHILIPPE VALENTINE,
Defendant

ORDER OF SETTLEMENT

The Commission's Division of Securities and Retail Franchising conducted an investigation of the Defendant, Jean Philippe Valentine ("Valentine"), pursuant § 13.1-518 of the Code of Virginia.

As a result of the investigation, the Division alleges that the defendant, while employed as a registered agent with Sterling Foster & Company, Inc., a broker-dealer registered under the Virginia Securities Act ("Act"), has:

(A) In violation of § 13.1- 502 (2) of the Act, conducted unlawful offers and sales to two Virginia investors and obtained money from them by means of untrue statements of material facts and the omission of material facts regarding securities offered through Sterling Foster.

(B) In violation of the Commission's Securities Act Rules 21 VAC 5-20-280 A3, and 21 VAC 5-20-280 B6, recommended to two Virginia customers the purchase of securities without reasonable grounds to believe that the recommendations were suitable based upon reasonable inquiry concerning the customers' investment objectives, financial situation and needs, and any other relevant information known by the broker-dealer.

The Defendant neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order of Settlement.

As a proposal to settle all matters arising from the allegations made against him, the Defendant has proposed and agrees to comply with the following terms and undertakings:

(1) The Defendant will not for a period of twelve (12) months from the date of this Order of Settlement (i) seek to become registered under the Virginia Securities Act as an agent of a broker-dealer, (ii) engage in the offer or sale of any security to a resident of the Commonwealth of Virginia, and (iii) be associated in any supervisory capacity with any broker-dealer registered under the Virginia Securities Act.

(2) After the conclusion of the twelve (12) month period, the Defendant will not be registered with any broker-dealer registered under the Virginia Securities Act unless such broker-dealer submits to the Division, by affidavit, prior agreement to the following special supervisory procedures:

(a) For the period ending twenty-four (24) months from the date of this Order of Settlement, the compliance officer, or an appointed designee, will (i) review all the Defendant's Virginia customers' orders not later than the next business day after the execution of the orders to ensure compliance with the Commission's Securities Act Rules 21 VAC 5-20-280 A3, and 21 VAC 5-20-280 B6, (ii) for each three month period, randomly select and contact by mail not less than ten percent (10%) of the Defendant's active Virginia customers to determine if the Defendant's customers have any complaints regarding the Defendant's handling of their accounts, and (iii) maintain a record of the name of each client contacted, the date on which each client was contacted, the means by which each client was contacted, and the substance of any complaint or adverse comment concerning the Defendant.

(b) For the period ending twenty-four (24) months from the date of this Order of Settlement, if the compliance office, or appointed designee, discovers any irregularity or abuse in connection with any transaction effected for a Virginia customer by the Defendant or receives any complaint from a Virginia customer against the Defendant, that individual shall promptly notify the Commission in writing.

(3) The Defendant will refrain from any further conduct which constitutes a violation of the Securities Act or the Rules promulgated thereunder.

The Division has recommended that the Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia, the Defendant's offer of settlement is accepted;

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

(3) That this case is dismissed and the papers herein be placed in the file for ended causes.

CASE NO. SEC970090
DECEMBER 16, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
DIANA M. DOWNEY,
Defendant

DISMISSAL ORDER

By Rule to Show Cause dated October 17, 1997, the Commission, among other things, assigned this case to a Hearing Examiner to conduct a hearing on behalf of the Commission. On December 1, 1997, Staff counsel filed a Motion to Dismiss this case on the ground that no service of process was made on the defendant, and the Hearing Examiner granted said Motion with a recommendation that this case be dismissed without prejudice. Accordingly,

IT IS ORDERED THAT:

(1) This case is dismissed without prejudice.

(2) The Clerk shall file the papers herein among the ended cases.

CASE NO. SEC 970091
OCTOBER 21, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
FRED BALKE, individually, and d/b/a Financial Concepts,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's Division of Securities and Retail Franchising has instituted an investigation of the Defendant, Fred Balke ("Balke"), individually, and d/b/a Financial Concepts, pursuant to § 13.1-518 of the Code of Virginia.

As a result of its investigation, the Division alleges that (i) in violation of § 13.1-504 A of the Code of Virginia, Balke transacted business in this Commonwealth as an unregistered agent for Alpine Auto World, and (ii) in violation of § 13.1-507 of the Code of Virginia, Balke offered for sale and sold unregistered securities, to wit: promissory notes issued by Balke. The Defendant neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Settlement Order. As a proposal to settle all matters arising from the allegations made against him, the Defendant has offered, and agreed to comply with, the following terms and undertakings:

(1) Balke will continue to make payments to each holder of the aforesaid security until the notes are satisfied.

(2) Balke will mail a copy of this Settlement Order to each security holder.

(3) Balke, individually, and d/b/a Financial Concepts, will be permanently enjoined from future violations of the Virginia Securities Act.

The Division has recommended that the Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia, the Defendant's offer of settlement is accepted;

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

(3) That pursuant to § 13.1-519 of the Code of Virginia, Fred Balke be, and he hereby is, permanently enjoined from violating the provisions of the Securities Act of Virginia; and,

(4) That this case is dismissed from the Commission's docket and that the papers herein be placed in the file for ended causes.

CASE NO. SEC970093
NOVEMBER 10, 1997

APPLICATION OF
GREEN BAY PACKERS, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated October 2, 1997, with exhibits attached thereto, of Green Bay Packers, Inc. ("Green Bay"), requesting that certain securities be exempted from the securities registration requirements of the Securities Act (§ 13.1-501 et seq. of the Code of Virginia) and that certain officers, directors and employees of Green Bay be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: Green Bay is a Wisconsin stock corporation organized and operated not for private profit but exclusively for charitable purposes; Green Bay intends to offer and sell up to 1,000,000 shares of common stock for an aggregate amount of $200,000,000 on terms and conditions as more fully described in the Offering Document filed as a part of the application; and, said securities are to be offered and sold by officers, directors and employees of Green Bay who will not be compensated for their sales efforts.

THE COMMISSION, based on the facts asserted by Green Bay in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to § 13.1-514.1 B of the Code of Virginia, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the officers, directors and employees of Green Bay who offer and sell the common stock without being compensated for their efforts be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NO. SEC970094
NOVEMBER 13, 1997

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 on for consideration upon written application dated October 1, 1997, with exhibits attached thereto, as subsequently amended, of Mission Investment Fund of the Evangelical Lutheran Church in America ("Mission") located at 8765 West Higgins Road, Chicago, IL 60631, requesting that certain "Mission Investments" be exempted from the securities registration requirements of the Securities Act (§ 13.1-501 et seq. of the Code of Virginia) pursuant to § 13.1-514.1 B of the Code of Virginia and that certain members of Mission be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: Mission is incorporated in the State of Minnesota as an organization operating not for private profit but exclusively for religious, educational and benevolent purposes; Mission intends to offer and sell Mission Investments comprised of "Mission Term Investments" and "Mission Plus Investments" in an approximate aggregate amount of $75,000,000.00 on terms and conditions as more fully described in the Prospectus filed as a part of the application; said securities are to be offered and sold by members of Mission who will not be compensated for their sales efforts; and said securities may also be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by Mission in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code §13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the aforesaid members of Mission be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NO. SEC970095
NOVEMBER 20, 1997

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION
v.
ERIK MIGUEL LOPEZ,
Defendant

ORDER OF SETTLEMENT

The Commission's Division of Securities and Retail Franchising conducted an investigation of the Defendant, Erik Miguel Lopez ("Lopez") pursuant to § 13.1-518 of the Code of Virginia.

As a result of the investigation, the Division alleges that the Defendant, while employed as a registered agent with Sterling Foster & Company, Inc., a broker-dealer registered under the Virginia Securities Act ("Act"), has:

(A) In violation of § 13.1- 502 (2) of the Act, conducted unlawful offers and sales to four Virginia investors and obtained money from them by means of untrue statements of material facts and the omission of material facts regarding securities offered through Sterling Foster.

(B) In violation of the Commission's Securities Act Rules 21 VAC 5-20-280 A4, and 21 VAC 5-20-280 B6, executed two transactions for Virginia customers without their authorization.

(C) In violation of the Commission's Securities Act Rules 21 VAC 5-20-280 A3, and 21 VAC 5-20-280 B6, recommended to four Virginia customers involving seven transactions the purchase of securities without reasonable grounds to believe that the recommendations were suitable based upon reasonable inquiry concerning the customers' investment objectives, financial situation and needs, and any other relevant information known by the broker-dealer.

The Defendant neither admits nor denies these allegations, but admits the Commission's jurisdiction and authority to enter this Order of Settlement.

As a proposal to settle all matters arising from the allegations made against him, the Defendant has proposed and agrees to comply with the following terms and undertakings:

(1) The Defendant will promptly terminate his registration as an agent of a broker-dealer under the Virginia Securities Act.

(2) The Defendant will not for a period of twelve (12) months from the date of this Order of Settlement (i) seek to become registered under the Virginia Securities Act as an agent of a broker-dealer, (ii) engage in the offer or sale of any security to a resident of the Commonwealth of Virginia, and (iii) be associated in any supervisory capacity with any broker-dealer registered under the Virginia Securities Act.

(3) After the conclusion of the twelve (12) month period, the Defendant will not be registered with any broker-dealer registered under the Virginia Securities Act unless such broker-dealer submits to the Division, by affidavit, prior agreement to the following special supervisory procedures:

(a) For the period ending twenty-four (24) months from the date of this Order of Settlement, the compliance officer, or an appointed designee, will (i) review all the Defendant's Virginia customers' orders not later than the next business day after the execution of the orders to ensure compliance with Commission Securities Act Rules 21 VAC 5-20-280 A3, 21 VAC 5-20-280 A4, and 21 VAC 5-20-280 B6, (ii) for each three month period randomly select and contact by mail not less than ten percent (10%) of the Defendant's active Virginia customers to determine if the Defendant's customers have any complaints regarding the Defendant's handling of their accounts, and (iii) maintain a record of the name of each client contacted, the date on which each client was contacted, the means by which each client was contacted, and the substance of any complaint or adverse comment concerning the Defendant.

(b) For the period ending twenty-four (24) months from the date of this Order of Settlement, if the compliance office, or appointed designee, discovers any irregularity or abuse in connection with any transaction effected for a Virginia customer by the Defendant or receives any complaint from a Virginia customer against the Defendant, that individual shall promptly notify the Commission in writing.

(4) The Defendant will refrain from any further conduct which constitutes a violation of the Securities Act or the Rules promulgated thereunder.

The Division has recommended that the Defendant's offer of settlement be accepted pursuant to the authority granted to the Commission in Virginia Code § 12.1-15.

NOW, THEREFORE, IT IS ORDERED:

(1) That, pursuant to the authority granted to the Commission in § 12.1-15 of the Code of Virginia, the Defendant's offer of settlement is accepted;

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

(3) That this case is dismissed and the papers herein be placed in the file for ended causes.

CASE NO. SEC970096
NOVEMBER 13, 1997

APPLICATION OF
PRESBYTERIAN HOMES, INC. (A NOT-FOR-PROFIT NORTH CAROLINA CORPORATION)

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application, with exhibits attached thereto, by counsel to the underwriter, Wheat, First Securities, Inc., dated October 20, 1997, requesting a determination that a guaranty to be issued as part of a bond offering by the North Carolina Medical Care Commission (the "Care Commission") be exempted from the securities registration requirements of the Securities Act (§ 13.1-501 et seq. of the Code of Virginia) pursuant to Virginia Code § 13.1-514.1 B.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: Presbyterian Homes, Inc. ("Presbyterian Homes") is a not-for-profit corporation organized under the laws of the State of North Carolina for charitable, educational and scientific purposes; Presbyterian Homes intends to issue as part of the North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Bonds (Glenaire Project) Series 1997 (the "Bonds"), a security to wit: a guaranty issued by Presbyterian Homes to the Care Commission pursuant to a Guaranty Agreement guaranteeing all obligations under a loan agreement and note issued by Glenaire, Inc. to the Care Commission as security for the Glenaire Project Series 1997 Bonds.

THE COMMISSION, based upon the representations made in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that the offer and sale of the securities described above are exempted from the securities registration requirements of the Securities Act pursuant to the provisions of Code § 13.1-514.1 B and shall be made in Virginia only by broker-dealers which are so registered in this Commonwealth.

CASE NO. SEC970098
NOVEMBER 25, 1997

APPLICATION OF
ATLANTA MARRIOTT MARQUIS II LIMITED PARTNERSHIP

For an official interpretation pursuant to Va. Code § 13.1-525

OFFICIAL INTERPRETATION

THIS MATTER came before the Commission for consideration upon the letter-application of Atlanta Marriott Marquis II Limited Partnership ("Applicant") dated October 14, 1997, filed under § 13.1-525 of the Code of Virginia by its counsel and upon payment of the requisite fee. Applicant has requested a determination that the proposed securities transactions described below are exempted from the securities, broker-dealer and agent registration requirements of the Securities Act pursuant to § 13.1-514 B 15 of the Code of Virginia. The pertinent information contained in the application is summarized as follows:

Applicant, a recently formed Delaware limited partnership, was organized in contemplation of a merger in which Atlanta Marriott Marquis Limited Partnership ("AMMLP"), a Delaware limited partnership formed in 1985, will be merged with and into Applicant. AMMLP owns an 80% general partnership interest in Ivy Street Hotel Limited Partnership ("Ivy Street"), which owns the Atlanta Marriott Marquis Hotel ("Hotel"). Applicant was formed to succeed to AMMLP's general partnership interest in Ivy Street. Applicant has 721 limited partners, 13 of whom reside in Virginia. The proposed merger is one of a series of transactions intended to facilitate a refinancing of the mortgage debt encumbering the Hotel and to recapitalize and stabilize AMMLP. Pursuant to the plan of merger, limited partnership units of AMMLP will be converted on a one-for-one basis into limited partnership units of Applicant without any additional capital contribution from the AMMLP limited partners. The appropriate registration statement under the Securities Act of 1933 will be filed with the U.S. Securities and Exchange Commission in connection with the merger, and there will be compliance with the applicable provisions of the Securities Exchange Act of 1934. In addition, the merger will comply with the voting and other applicable requirements of the Delaware Revised Uniform Limited Partnership Act.

Section 13.1-514 of the Code of Virginia provides, in part:

> . . . .
>
> B. The following transactions are exempted from the securities, broker-dealer and agent registration requirements of this chapter. . .:
>
> . . . .
>
> 15. Any transaction incident to a . . . statutory . . . recapitalization . . .[or] merger . . . .

THE COMMISSION, based upon the information supplied by Applicant, is of the opinion and finds that the foregoing proposed issuance of Applicant's limited partnership units will constitute transactions incident to a statutory merger. It is, therefore,

ORDERED that the transactions described above are exempted from the securities, broker-dealer and agent registration requirements of the Securities Act pursuant to § 13.1-514 B 15 of the Code of Virginia.

CASE NO. SEC970102
DECEMBER 12, 1997

APPLICATION OF
POTOMAC DISTRICT COUNCIL OF THE ASSEMBLIES OF GOD, INC.

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated November 10, 1997, with exhibits attached thereto, of Potomac District Council of the Assemblies of God, Inc. ("Potomac District Council") requesting that certain securities be exempted from the securities registration

requirements of the Securities Act (§ 13.1-501 et seq. of the Code of Virginia) and that certain officers of Potomac District Council be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: Potomac District Council is a Maryland nonprofit corporation organized and operated exclusively for religious purposes; Potomac District Council intends to offer and sell Church Loan Fund Collateralized Certificates 1997 Series A (the "Certificates") in an approximate aggregate amount of $6,000,000 on terms and conditions as more fully described in the Prospectus filed as a part of the application; the Certificates are to be offered and sold by officers of Potomac District Council who will not be compensated for their sales efforts; and, the Certificates may also be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by Potomac District Council in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to § 13.1-514.1 B of the Code of Virginia, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the officers of Potomac District Council who offer and sell the Certificates be, and they hereby are, exempted from the agent registration requirements of said Act.

CASE NO. SEC970103
DECEMBER 30, 1997

APPLICATION OF
FAITH CHRISTIAN CENTER, FREDERICKSBURG, VIRGINIA

For an Order of Exemption under § 13.1-514.1 B of the Code of Virginia, as amended

ORDER OF EXEMPTION

THIS MATTER came on for consideration upon written application dated December 4, 1997, with exhibits attached thereto, as subsequently amended, of Faith Christian Center of Fredericksburg, Virginia ("Faith") located at 7915 Westbury Manor Drive, Fredericksburg, Virginia 22407, requesting that certain First Deed of Trust Bonds be exempted from the securities registration requirements of the Securities Act (§ 13.1-501 et seq. of the Code of Virginia) pursuant to the Virginia Code § 13.1-514.1 B and that certain members of "Faith" be exempted from the agent registration requirements of said Act.

BASED UPON THE INFORMATION submitted, the following facts, in addition to others not enumerated herein, appear to exist: "Faith" is an unincorporated Virginia organization operating not for private profit but exclusively for religious, educational and benevolent purposes; "Faith" intends to offer and sell First Deed of Trust Bonds, Series of January 15, 1998, in an approximate aggregate amount of $650,000.00 on terms and conditions as more fully described in the Prospectus filed as a part of the application; said securities are to be offered and sold by a bond sales committee composed of members of "Faith" who will not be compensated for their sales efforts; and said securities may also be offered and sold by broker-dealers so registered under the Securities Act.

THE COMMISSION, based on the facts asserted by "Faith" in the written application and exhibits, is of the opinion and finds, and does hereby ADJUDGE AND ORDER that, pursuant to the provisions of Code § 13.1-514.1 B, the securities described above be, and they hereby are, exempted from the securities registration requirements of the Securities Act and the members of the bond sales committee be, and they hereby are, exempted from the agent registration requirements of said Act.

TABLES

CLERK'S OFFICE

Summary of the changes in the number of Virginia corporations, foreign corporations, and limited partnerships licensed to do business in Virginia, and of amendments to Virginia, foreign, and limited partnership charters during 1996 and 1997.

VIRGINIA CORPORATIONS

	1996	1997
Certificates of Incorporation issued	18,711	18,793
Corporations voluntarily terminated	2,087	2,078
Corporations involuntarily terminated	279	334
Corporations automatically terminated	12,132	16,185
Reinstatements of terminated corporations	2,819	3,207
Charters amended	3,158	3,102
Active Stock Corporations	132,337	136,610
Active Non-Stock Corporations	24,297	25,241
Total Active Virginia Corporations	156,634	161,851

FOREIGN CORPORATIONS

Certificates of Authority to do business in Virginia issued	4,001	4,270
Voluntary withdrawals from Virginia	871	951
Certificates of Authority automatically revoked	1,863	2,752
Certificates of Authority involuntarily revoked	51	78
Reentry of corporations with surrendered or revoked certificates	516	736
Charters amended	934	1,133
Active Stock Corporations	28,571	29,919
Active Non-Stock Corporations	1,720	1,795
Total Active Foreign Corporations	30,291	31,714
Total Active (Foreign and Domestic) Corporations	186,925	193,565

LIMITED PARTNERSHIPS

Limited Partnership Certificates filed	1,115	1,035
Limited Partnership Certificates amended	533	832
Limited Partnership Certificates voluntarily canceled	350	273
Limited Partnership Certificates involuntarily canceled	3,340	1,278
Total Active Limited Partnerships	11,307	10,791

LIMITED LIABILITY COMPANIES

Articles of organization filed	5,398	8,206
Articles of organization amended	106	544
Articles of organization canceled	130	357
Articles of organization involuntarily canceled		2,875
Total Active Limited Liability Companies	15,178	20,152

LIMITED LIABILITY PARTNERSHIPS

Applications Limited Liability Partnerships	86	178
Renewals Limited Liability Partnerships	29	5
Total Active Limited Liability Partnerships	116	183

COMPARISON OF REVENUES DEPOSITED BY THE CLERK'S OFFICE FOR THE FISCAL YEARS ENDING JUNE 30, 1996, AND JUNE 30, 1997

General Fund	1996	1997	Difference
Security Registration Fee	$6,000.00	$8,050.00	$2,050.00
Charter Fees	1,392,225.20	1,496,034.00	103,808.80
Entrance Fees	1,302,252.60	1,606,469.20	304,216.60
Filing Fees	812,737.00	816,710.50	3,973.50
Registered Name	1,430.00	1,550.00	120.00
Registered Office and Agent	490.00	0.00	(490.00)
Service of Process	20,700.00	21,000.00	300.00
Copy & Recording Fees	392,477.25	439,804.00	47,326.75
Annual Report Publication	4,837.00	5,029.60	192.60
Uniform Commercial Code Revenues	757,868.00	793,248.00	35,380.00
Excess Fees Paid into State Treasury	136,695.68	129,555.36	(7,140.32)
Miscellaneous Sales	0.00	0.00	0.00
TOTAL	$4,827,712.73	$5,317,450.66	$489,737.93
Special Fund			
Domestic-Foreign	$14,243,285.45	$14,590,872.94	$347,587.49
Limited Partnership Registration Fee	371,526.50	404,620.00	33,093.50
Reserved Name - Limited Partnership	22,830.00	20,290.00	(2,540.00)
Certificate Limited Partnership	100,000.00	92,700.00	(7,300.00)
Application Reg. Foreign LP	24,800.00	19,700.00	(5,100.00)
Reinstatement LP	0.00	11,800.00	11,800.00
Registration Fee LLC	230,408.00	394,280.00	163,872.00
Application for Reg. LLC	26,900.00	54,125.00	27,225.00
Art of Org Dom. LLC	419,589.00	645,600.00	226,011.00
AJD, CANC, CORR. RAC, Etc. LLC	14,875.00	27,340.00	12,465.00
SCC Bad Check Fee	3,715.00	3,951.50	236.50
Interest on Del. Tax	0.00	17.00	17.00
Penalty on Non-Pay Taxes by Due Date	392,414.58	358,780.05	(33,634.53)
Miscellaneous Revenue	42,000.00	53,000.00	11,000.00
New Applications LLP	2,250.00	9,800.00	7,550.00
Renewals LLP	700.00	1,700.00	1,000.00
Recovery of Prior Year Expenses	356.57	4.04	(352.53)
TOTAL	$15,895,650.10	$16,688,580.53	$792,930.43
Valuation Fund			
Miscellaneous Revenue	$5,000.00	$4,660.40	($339.60)
Recovery of Copy & Cert. Fee	3,965.55	0.00	(3,965.55)
Recovery of Prior Year Expenses	773.37	1,042.70	269.33
Dual Party Relay Assessments	0.00	10,000.00	10,000.00
TOTAL	$9,738.92	$15,703.10	$5,964.18
Motor Carrier Special Fund			
SCC Bad Check Fee	$0.00	$0.00	$0.00
Recovery of Prior Year Expenses	64.45	0.00	(64.45)
TOTAL	$64.45	$0.00	($64.45)
Trust & Agency Fund			
Fines Imposed by SCC	$31,160.00	$102,815.51	$71,655.51
TOTAL	$31,160.00	$102,815.51	$71,655.51
Federal Funds			
Recovery of Agency Indirect Cost of Grant/Contract Administration	$32,855.00	$1,558.00	($31,297.00)
Gas Pipeline Safety	196,358.00	40,499.12	(155,858.88)
TOTAL	$229,213.00	$42,057.12	($187,155.88)
GRAND TOTAL	$20,993,539.20	$22,166,606.92	$1,173,067.72

COMPARISON OF FEES COLLECTED BY THE BUREAU OF FINANCIAL INSTITUTIONS FOR FISCAL YEARS ENDING JUNE 30, 1996, AND JUNE 30, 1997

	1995/1996	1996/1997
Banks	$5,909,644	$5,329,456
Savings Institutions and Savings Banks	35,559	27,455
Consumer Finance Licensees	669,372	621,414
Credit Unions	525,326	551,375
Trust subsidiaries and Trust Companies	91,204	118,924
Industrial Loan Associations	18,220	16,806
Money Order Sellers and Transmitters	4,250	9,250
Debt Counseling Agency Licensees	7,800	7,950
Mortgage Lenders and Mortgage Brokers	915,822	1,011,808
Miscellaneous Collections	9,709	12,297
TOTAL	$8,186,906	$7,706,735

COMPARISON OF FEES AND TAXES COLLECTED BY THE BUREAU OF INSURANCE FOR THE FISCAL YEARS ENDING JUNE 30, 1996, AND JUNE 30, 1997

Kind	1996	1997	Increase or (Decrease)
General Fund			
Gross Premium Taxes of Insurance Companies	$218,046,425.32	$219,032,413.26	$985,987.94
Fraternal Benefit Societies Licenses	540.00	500.00	(40.00)
Hospital, Medical, and Surgical Plans and Salesmen's Licenses	129,830.00	165,840.00	36,010.00
Interest on Delinquent Taxes	137,956.92	66,288.63	(71,668.29)
Penalty on non-payment of taxes by due date	84,461.60	115,140.97	30,679.37
Special Fund			
Company License Application Fee	26,000.00	20,500.00	(5,500.00)
Health Maintenance Organization License Fee	500.00	500.00	0.00
Automobile Club/ Agent Licenses	8,238.00	8,464.00	226.00
Insurance Premium Finance Companies Licenses	10,200.00	9,800.00	(400.00)
Agents Appointment Fees	7,127,206.00	7,227,972.00	100,766.00
Surplus Lines Broker Licenses	15,875.00	16,800.00	925.00
Agents License Application Fees	309,375.00	350,550.00	41,175.00
Recording, Copying, and Certifying Public Records Fee	53,803.60	62,813.75	9,010.15
Assessments To Insurance Companies for Maintenance of the Bureau of Insurance	6,442,447.14	6,978,611.31	536,164.17
Miscellaneous Revenue	0.00	0.00	0.00
Recovery of Prior Year Expenses	122,615.12	165,471.35	42,856.23
Fire Programs Fund	11,873,498.15	12,100,551.95	227,053.80
Licensing P&C Consultants	42,850.00	43,800.00	950.00
SCC Bad Check Fee	200.00	175.00	(25.00)
Fines Imposed by State Corporation Commission	626,350.00	1,670,350.00	1,044,000.00
Private Review Agents	10,000.00	25,500.00	15,500.00
Flood Assessment Fund	69,997.80	115,857.34	45,859.54
Heat Assessment Fund	823,706.31	883,829.66	60,123.35
Reinsurance Intermediary Broker Fees	1,000.00	1,000.00	0.00
Managing General Agent Fees	5,000.00	6,000.00	1,000.00
State Publication Sales	560.00	280.00	(280.00)
TOTAL	$245,968,635.96	$249,069,009.22	$3,100,373.26

COMPARISON OF ASSESSMENT OF PUBLIC SERVICE COMPANIES FOR THE YEARS 1996 AND 1997

Class of Company	Value of all Taxable Property Including Rolling Stock 1996	1997	Increase or (Decrease)
Electric Light & Power Corporations	$14,027,424,938.00	$14,444,165,674.00	$416,740,736.00
Gas Corporations	1,068,938,987.00	1,151,649,494.00	82,710,507.00
Motor Vehicle Carriers (Rolling Stock only)	34,406,743.00	38,065,044.09	3,658,301.09
Telecommunications Companies	6,590,138,842.00	7,097,909,682.00	507,770,840.00
Water Corporations	98,874,719.00	100,453,452.00	1,578,733.00
TOTAL	$21,819,784,229.00	$22,832,243,346.09	$1,012,459,117.09

COMPARISON OF ASSESSMENT OF STATE TAXES OF PUBLIC SERVICE COMPANIES FOR THE YEARS 1996 AND 1997

Class of Company	The Yearly License Tax 1996	1997	Increase or (Decrease)
Electric Light & Power Corporations	$93,931,841.13	$102,943,297.88	$9,011,456.75
Gas Corporations	13,248,286.00	16,590,388.95	3,342,102.95
Water Corporations	744,419.48	747,505.84	3,086.36
TOTAL	$107,924,546.61	$120,281,192.67	$12,356,646.06

COMPARISON OF ASSESSMENT OF ADDITIONAL ANNUAL STATE TAX FOR VALUATION AND RATE MAKING OF CERTAIN CLASSES OF UTILITY COMPANIES FOR THE YEARS 1996 AND 1997

Class of Company	1996	1997	Increase or (Decrease)
Electric Light & Power Corporations	$5,387,841.95	$6,058,867.88	$671,025.93
Gas Corporations	664,194.29	830,717.59	166,523.30
Motor Vehicle Carriers	20,574.99	22,533.63	1,958.64
Railroad Companies	434,534.33	355,643.60	(78,890.73)
Telecommunications Companies	2,867,317.04	3,226,453.95	359,136.91
Virginia Pilots Association	11,885.54	13,641.65	1,756.11
Water Corporations	37,270.46	37,373.33	102.87
TOTAL	$9,423,618.60	$10,545,231.63	$1,121,613.03

Railroad Companies assessed at four-hundredths of one percent and all other companies at one-tenth of one percent.

COMPARATIVE STATEMENT OF ASSESSED VALUES OF PROPERTIES OF PUBLIC SERVICE CORPORATIONS AS ASSESSED BY THE STATE CORPORATION COMMISSION

Cities	1996	1997	Increase or Decrease
Alexandria	$477,447,995	$497,322,271	$19,874,276
Bedford	8,061,112	8,090,832	29,720
Bristol	10,421,517	10,157,963	(263,554)
Buena Vista	8,123,354	7,728,100	(395,254)
Charlottesville	97,066,178	96,649,910	(416,268)
Chesapeake	625,996,134	636,238,860	10,242,726
Clifton Forge	6,650,826	6,111,311	(539,515)
Colonial Heights	24,649,515	24,683,285	33,770

Covington	16,163,282	15,458,944	(704,338)
Danville	37,555,167	43,823,287	6,268,120
Emporia	16,023,965	16,093,764	69,799
Fairfax	96,837,053	93,573,970	(3,263,083)
Falls Church	18,126,670	18,898,878	772,208
Franklin	8,342,390	8,273,293	(69,097)
Fredericksburg	53,278,649	55,793,245	2,514,596
Galax	12,875,645	10,657,264	(2,218,381)
Hampton	220,729,574	218,256,438	(2,473,136)
Harrisonburg	34,151,685	42,863,652	8,711,967
Hopewell	61,483,810	64,685,347	3,201,537
Lexington	12,254,199	10,628,457	(1,625,742)
Lynchburg	134,958,489	146,081,612	11,123,123
Manassas	48,484,506	42,832,306	(5,652,200)
Manassas Park	11,225,971	10,568,383	(657,588)
Martinsville	22,688,603	22,065,630	(622,973)
Newport News	302,956,476	319,990,107	17,033,631
Norfolk	444,896,996	499,715,441	54,818,445
Norton	25,257,786	23,179,901	(2,077,885)
Petersburg	80,670,665	81,505,075	834,410
Poquoson	11,059,900	11,986,052	926,152
Portsmouth	152,972,551	157,094,714	4,122,163
Radford	14,419,290	14,142,054	(277,236)
Richmond	602,602,220	601,375,120	(1,227,100)
Roanoke	196,394,373	195,952,673	(441,700)
Salem	22,713,761	24,380,300	1,666,539
Staunton	46,101,295	49,303,719	3,202,424
Suffolk	122,191,490	122,730,890	539,400
Virginia Beach	618,426,239	625,450,481	7,024,242
Waynesboro	34,435,060	38,189,531	3,754,471
Williamsburg	34,775,335	35,556,486	781,151
Winchester	42,224,513	43,237,014	1,012,501
Total Cities	$4,815,694,239	$4,951,326,560	$135,632,321

COMPARATIVE STATEMENT OF ASSESSED VALUES OF PROPERTIES OF PUBLIC SERVICE CORPORATIONS AS ASSESSED BY THE STATE CORPORATION COMMISSION

Counties	1996	1997	Increase or Decrease
Accomack	$67,778,895	$71,753,566	$3,974,671
Albemarle	173,937,535	190,626,546	16,689,011
Alleghany	35,546,749	37,726,491	2,179,742
Amelia	19,767,742	19,026,380	(741,362)
Amherst	59,915,448	59,292,337	(623,111)
Appomattox	28,067,319	27,763,148	(304,171)
Arlington	776,571,239	828,707,083	52,135,844
Augusta	148,109,742	162,341,736	14,231,994
Bath	1,431,429,096	1,540,920,348	109,491,252
Bedford	145,806,006	138,263,046	(7,542,960)
Bland	15,144,766	13,146,126	(1,998,640)
Botetourt	89,623,760	89,457,202	(166,558)
Brunswick	36,190,669	36,857,593	666,924
Buchanan	55,940,265	48,189,071	(7,751,194)
Buckingham	33,919,674	33,418,318	(501,356)
Campbell	103,996,684	130,461,502	26,464,818
Caroline	81,682,624	81,814,048	131,424
Carroll	52,216,977	47,399,426	(4,817,551)
Charles City	25,406,712	31,617,825	6,211,113
Charlotte	25,434,266	32,103,058	6,668,792
Chesterfield	1,115,728,518	1,107,422,598	(8,305,920)
Clarke	25,596,126	26,403,655	807,529
Craig	10,761,141	10,497,027	(264,114)
Culpeper	80,864,330	82,132,284	1,267,954
Cumberland	22,588,238	21,954,380	(633,858)
Dickenson	33,294,819	28,207,337	(5,087,482)
Dinwiddie	58,833,616	70,221,109	11,387,493

Essex	24,394,861	29,679,365	5,284,504
Fairfax	2,033,742,341	2,287,436,365	253,694,024
Fauquier	134,755,599	136,804,754	2,049,155
Floyd	31,220,603	29,854,426	(1,366,177)
Fluvanna	111,159,684	112,742,893	1,583,209
Franklin	94,169,410	92,412,659	(1,756,751)
Frederick	160,160,099	169,308,253	9,148,154
Giles	107,931,925	108,459,433	527,508
Glouchester	67,011,324	64,909,109	(2,102,215)
Goochland	44,637,589	53,686,782	9,049,193
Grayson	29,094,494	26,922,388	(2,172,106)
Greene	16,908,694	20,591,291	3,682,597
Greensville	20,882,886	20,752,251	(130,635)
Halifax	681,684,128	865,831,110	184,146,982
Hanover	224,823,569	243,296,527	18,472,958
Henrico	635,642,468	697,624,406	61,981,938
Henry	94,440,221	98,882,020	4,441,799
Highland	16,210,500	14,544,627	(1,665,873)
Isle of Wight	76,100,207	74,211,378	(1,888,829)
James City	116,953,105	120,871,124	3,918,019
King George	38,711,762	38,533,181	(178,581)
King and Queen	19,571,009	19,252,038	(318,971)
King William	26,795,930	30,835,475	4,039,545
Lancaster	33,590,013	33,050,626	(539,387)
Lee	45,978,317	43,196,083	(2,782,234)
Loudoun	330,215,149	349,485,904	19,270,755
Louisa	1,936,122,806	1,975,906,269	39,783,463
Lunenburg	23,448,118	26,550,003	3,101,885
Madison	28,391,138	27,391,848	(999,290)
Mathews	19,629,458	19,290,431	(339,027)
Mecklenburg	73,164,802	73,544,920	380,118
Middlesex	31,526,808	30,627,010	(899,798)
Montgomery	91,233,093	90,841,677	(391,416)
Nelson	40,443,039	46,417,086	5,974,047
New Kent	48,124,139	47,367,252	(756,887)
Northampton	32,019,569	30,971,488	(1,048,081)
Northumberland	25,116,008	25,332,330	216,322
Nottoway	27,748,823	29,460,667	1,711,844
Orange	62,096,056	59,467,299	(2,628,757)
Page	45,565,705	47,700,299	2,134,594
Patrick	30,080,911	36,983,701	6,902,790
Pittsylvania	112,755,807	103,136,301	(9,619,506)
Powhatan	46,080,172	45,704,959	(375,213)
Prince Edward	28,717,399	38,235,448	9,518,049
Prince George	37,969,788	44,867,686	6,897,898
Prince William	784,485,240	788,628,043	4,142,803
Pulaski	71,088,905	70,425,639	(663,266)
Rappahannock	19,497,354	20,723,934	1,226,580
Richmond	36,333,446	47,315,177	10,981,731
Roanoke	148,086,781	156,055,837	7,969,056
Rockbridge	76,441,001	76,946,084	505,083
Rockingham	114,347,551	118,083,275	3,735,724
Russell	185,701,202	182,149,764	(3,551,438)
Scott	35,568,448	38,687,344	3,118,896
Shenandoah	88,113,615	91,328,310	3,214,695
Smyth	62,129,035	63,204,541	1,075,506
Southampton	37,015,572	40,407,027	3,391,455
Spotsylvania	174,831,984	172,223,603	(2,608,381)
Stafford	146,893,887	145,697,889	(1,195,998)
Surry	1,461,903,402	1,439,659,694	(22,243,708)
Sussex	32,034,048	32,279,117	245,069
Tazewell	63,942,237	61,552,674	(2,389,563)
Warren	42,942,798	45,912,102	2,969,304
Washington	66,222,270	83,935,984	17,713,714
Westmoreland	40,903,527	39,731,781	(1,171,746)
Wise	59,507,244	64,492,988	4,985,744
Wythe	69,016,665	75,146,547	6,129,882
York	441,504,553	437,570,006	(3,934,547)
Total Counties	$16,969,683,247	$17,842,851,742	$873,168,495
Total Cities & Counties	$21,785,377,486	$22,794,178,302	$1,008,800,816

COMPARISON OF FEES COLLECTED BY THE DIVISION OF SECURITIES AND RETAIL FRANCHISING FOR THE YEARS ENDING DECEMBER 31, 1996, AND DECEMBER 31, 1997

Kind	1996	1997	Increase or Decrease)
Securities Act	$5,593,100	$9,657,893	*$4,064,793
Retail Franchising Act	304,200	313,700	9,500
Trademarks-Service Marks	24,210	19,575	(4,635)
Fines	398,932	156,200	(242,732)
TOTAL	$6,320,442	$10,147,368	$3,826,926

* The $4,064,793 increase is due to an annual renewal fee being received in December 1997 rather than January 1998.

PROCEEDINGS BY DIVISIONS DURING THE YEAR 1997

DIVISION OF PUBLIC UTILITY ACCOUNTING

The following statistical data summarizes Rate Cases, Certificate Cases, Annual Informational Filings, Allocation/Separations Studies, Fuel Audits, Compliance Audits and Special Studies made by the Division of Public Utility Accounting for the year 1997.

General Rate Cases	
Electric Companies (Investor Owned)	0
Electric Cooperatives	0
Gas Companies	3
Telephone Companies	1
Water and Sewer Companies	7
Total General Rate Cases	11
Performance-Based Reviews	
Electric	1
General Rate/Performance-Based Reviews	
Electric	1
Gas	1
Water	1
Total General Rate/Performance-Based Reviews	3
Expedited Rate Cases	
Electric Companies (Investor Owned)	0
Electric Cooperatives	0
Gas Companies	3
Telephone Companies	0
Water and Sewer Companies	0
Total Expedited Rate Cases	3
Certificate Cases	
Electric Companies (Investor Owned)	3
Gas Companies	2
Water and Sewer Companies	4
Total Certificate Cases	9
Annual Informational Filings	
Electric Companies (Investor Owned)	5
Gas Companies	6
Telephone Companies	1
Water and Sewer Companies	0
Total Annual Informational Filings	12
Allocation/Separations Studies	
Telephone Companies	1
Fuel Audits-Electric Companies	4
Compliance Audits	2
Special Studies	10

During the year 1997, the Division of Public Utility Accounting received applications filed under the Public Utilities Affiliates Law and the Utility Transfers Act pertaining to public utilities for processing, analysis, and study. The number and type of written reports submitted to the Commission recommending action and orders drawn are as follows:

Number of Utility Transfer Act Cases	
Transfer of Assets	6
Transfer of Securities or Control	0
Number of Affiliates Act Cases	
Service Agreements	35
Lease Agreements	6
Gas Purchases/ Supply	0
Advances of Funds	0
Affiliate Act Exemptions	4
Transfer of Assets	2
Total Number of Cases	53

The Commission's Division of Public Utility Accounting consisted of the following personnel on December 31, 1997:

Filled	Vacant	Description
1		Director
2		Deputy Director
1		Manager of Audits
1		Administrative Manager, Public Utilities
1		Administrative Manager
1		Systems Manager
1		Senior Office Secretary
1		Senior Office Technician
5		Principal Public Utility Accountant
2		Senior Public Utility Accountant
3		Public Utility Accountant
8		Associate Public Utility Accountant
27		Total Authorized 27

DIVISION OF COMMUNICATIONS

The Division of Communications assists the Commission in carrying out its duties as prescribed by the Code of Virginia. The Division monitors, enforces and makes recommendations on certain rates, tariffs, and operating procedures of telecommunications utilities. The Division enforces service standards, assures compliance with tariff regulations, coordinates extended area service studies, enforces pay telephone regulations, assists in carrying out provisions of the 1996 Telecommunications Act, and prescribes depreciation rates. The staff testifies in rate, service, and generic hearings and meets with the general public on communications issues and problems. The Division maintains territorial maps, performs special studies, monitors construction programs, and investigates and resolves consumer inquiries and complaints. The staff also follows developments at the federal level, and prepares Commission responses where appropriate.

SUMMARY OF 1997 ACTIVITIES

Consumer complaints and protests investigated	7,072
Telephone inquiries received	7,820
Tariff revisions received:	
Interexchange Companies	78
Incumbent Local Exchange Companies	177
Competitive Local Exchange Companies	35
Tariff sheets filed:	
Interexchange Companies	599
Incumbent Local Exchange Companies	2,925
Competitive Local Exchange Companies	2,807
Cases in which staff members prepared testimony or reports	54
Certificates of Convenience and Necessity granted or amended:	
Interexchange Carriers	14
Competitive Local Exchange Carriers	27
Interconnection Agreements Approved	52
Depreciation studies completed	2
Extended Area Services studies completed or underway	24
Service Surveillance and Results Analysis Provided Monthly on:	
Access Lines	4,422,774
Switching Offices	428
Business Offices	26
Repair Centers	11
Pay Telephone Registration and Rules Enforcement provided on:	
Registered private pay telephone providers	565
Private pay telephones	11,445
Local Exchange Company pay telephones	37,105
Pay telephone audits	287
Visits to:	
Customer premises to resolve customer complaints	46
Company premises to resolve customer complaints	28
Company premises to review service performance	57
Company premises to inspect network reliability	18
Construction Program reviews	3

OTHER:

Assisted Commission in continued implementation of the Telecommunications Act of 1996, including the following:

- Approved revisions to the Virginia Universal Service Plan to require additional rate reductions for qualifying low-income consumers.

- Approved discounts for services to schools and libraries.
- Designated local exchange companies as eligible to receive universal service support.

Pursued various activities related to the Commission's alternative plans for regulating telephone companies, including the following:
- Evaluated filings for two additions to existing competitive services.
- Reviewed proposed service classifications for new services, and reclassifications for existing services.
- Evaluated Individual Case Basis (ICB) and Special Assembly price filings.
- Assisted in gathering monitoring data.

Assisted Commission counsel with respect to formal rate, service, or generic matters.

Processed one small investor-owned telephone company and one cooperative rate change application.

Participated in matters affecting communications policy with federal agencies.

Assisted with reports to the legislature and with developing telecommunications legislation.

Made presentations to trade and citizens groups, associations, and telephone companies.

Participated in matters affecting emergency 911 communications procedures with local government agencies and Virginia Telephone Industry Association.

Provided guidance to Virginia Payphone Association in its organization.

Assisted private pay telephone providers in resolving operations issues with local exchange companies.

Responded to questionnaires from NARUC and others with respect to telecommunications matters.

Reviewed construction budgets of major telephone companies for 1997-1998 period.

Met with local governing bodies and citizens groups with respect to local calling areas and service problems.

Worked with Virginia Department for the Deaf and Hard of Hearing on monitoring of Telecommunications Relay Service in Virginia and preparation of a request for proposal for new contract.

Director reappointed to the NARUC Staff subcommittee on Communications.

Staff member reappointed to the NARUC Staff subcommittee on Depreciation.

Staff member reappointed to the NARUC Staff subcommittee on Communications.

Staff member reappointed to the NARUC Staff subcommittee on Service Quality.

DIVISION OF ECONOMICS AND FINANCE

The Division of Economics and Finance performs analysis and research on economic and financial issues pertaining to utility regulation. The Division also provides analytical and research support as needed by non-utility divisions within the Commission.

The Division has ongoing responsibility for:
- issuing monthly Fuel Price Index reports;
- maintaining and issuing monthly reports for the electric utility Fuel Monitoring System;
- issuing quarterly Natural Gas Price Index reports;
- analyzing and presenting testimony on capital structure, cost of capital, and other finance-related issues in utility rate cases;
- analyzing and presenting testimony on interest expense, appropriate earnings level and other finance-related issues in electric cooperative rate cases;
- monitoring the financial condition of Virginia utilities;
- monitoring the diversification activities of holding companies with utility subsidiaries operating in Virginia;
- reviewing annual financing plans of Virginia utilities;
- analyzing utility applications for the issuance of securities and providing the Commission with recommendations;
- conducting studies of intermediate/long range issues in electric, gas, and telecommunications utility regulations;
- acquiring and running analytic computer models used to simulate, project, and/or evaluate utility operations and regulatory issues;
- issuing quarterly economic and energy forecast reports;
- monitoring inter-LATA and intra-LATA telecommunications competition;
- monitoring the incumbent local exchange companies participating in the Alternative Regulatory Plans;
- monitoring competitive local exchange carriers;
- monitoring and maintaining files of electric utilities' Ten Year and Twenty Year Forecasts;
- monitoring and maintaining files of gas utilities' Five Year Forecasts;
- providing statistical and graphic support for other SCC Division; and
- maintaining database management systems for preparation of economic and financial analysis in utility cases.

SUMMARY OF MAJOR ACTIVITIES DURING 1997

- Presented testimony on capital structure, cost of capital and other financial issues in four investor-owned utility rate cases.
- Presented testimony in three utility merger cases.
- Presented testimony on forward looking capital structure and cost of capital in one telephone unbundled network element pricing proceeding.
- Completed ten Annual Informational Filing reports for electric, gas and water utilities.
- Analyzed and processed 42 applications for utilities seeking authority to issue securities.
- Moderated a workgroup investigating environmental issues related to restructuring of the electric industry and prepared a report and recommendations.
- Assisted in the development of the Staff's Draft Working Model for Restructuring the Electric Industry in Virginia which was presented to the General Assembly.
- Prepared a report or testimony in filings for Commission action regarding two electric and two gas demand-side management programs.
- Prepared and presented testimony in four electric fuel factor proceedings.
- Prepared and presented testimony in three cogeneration rate proceedings.
- Reviewed and summarized the 1997 Ten Year Forecasts for each of the five investor-owned electric utilities in Virginia.
- Reviewed and summarized the 1997 Five Year Forecasts for each of the seven gas utilities in Virginia.
- Developed guidelines regarding special contracts complying with §56-235.2D of Code of Virginia.
- Prepared testimony regarding Commonwealth Chesapeake Corporation's request for a certificate of public convenience and necessity to construct a combustion turbine facility on the Eastern Shore.
- Continued monitoring the status of additional nine electric and two gas demand-side programs implemented as experimental pilot programs.
- Prepared the Staff Report on the Developments in the Wholesale Electric Power Market.
- Prepared the Staff Report on the Status of Retail Wheeling Experiments.
- Prepared a forecast of escalation rates to apply to the biennial budget for the Office of Commission Comptroller.
- Prepared a report regarding financial condition for each of 25 competitive local exchange carriers applying for certification.
- Presented testimony on the appropriate economic principles for use in pricing of telephone company unbundled network elements.
- Developed a forecast of budget items for the Bureau of Insurance.
- Developed a forecast for the Virginia telecommunications relay service projecting the possible impact on the surcharge if the cost of relay service increases significantly.
- Developed a forecast of the Clerk's office special fund collection.

DIVISION OF ENERGY REGULATION

Activities for Calendar Year 1997

The Division of Energy Regulation assists the Commission in fulfilling its statutory responsibilities pursuant to Title 56, Chapter 10 of the Code of Virginia. Activities include reviewing investor owned electric, gas, water/sewer utilities' cost of service studies; reviewing allocation methods, depreciation rates and rate design philosophies; and providing expert testimony in that regard. The Division also provides expert testimony in certificate cases for service areas and major facility construction for these utilities and for independent power producers. Additional duties include the preparation and defense of prefiled testimony as it relates to electric cooperatives and other technical functions related to regulation of the cooperatives. It also has monitoring responsibilities relative to: the collection of gas costs by gas utilities; the incurrence of wholesale purchased power expenses by electric cooperatives; and the recovery of fuel expenses and the construction and operation of major facilities by the investor-owned utilities. It also reviews extraordinary costs and policies related to nuclear power, including the decommissioning of nuclear power plants and the storage of spent nuclear fuel. The Division administers pipeline safety programs for interstate jurisdictional gas and hazardous liquid companies in Virginia, including inspections of facilities, records and construction activities to determine compliance with pipeline safety regulations. It administers the enforcement of the new Underground Utility Damage Prevention Act; investigates all reports of violation of the Act; and makes enforcement recommendations to the Commission. The resolution of complaints/inquiries received against regulated utilities and the maintenance of official records/maps of utility certificated areas are also duties of the Division. It provides the Commission with technical expertise in policy related issues and has provided testimony in several hearings required by the Public Utility Regulatory Policies Act and in other proceedings associated with restructuring of natural gas and electric utilities.

SUMMARY OF 1997 ACTIVITIES

Consumer Complaints, Letters of Protest, and Inquiries Received	2,309
Tariff Filings Received	318
Tariff Sheets Accepted	1,532
Gas Safety Pipeline Inspections (Person Days)	215
Testimony and Reports filed by Staff	55
Certificates of Convenience and Necessity Granted, Transferred or Revised	41
Special Reports	15
Gas Accident Investigations and Incident Reports	1
Electric On-Site Construction Inspections	0
Underground Utility Damage Reports Investigated	3,212

BUREAU OF FINANCIAL INSTITUTIONS

The Bureau of Financial Institutions is responsible under Title 6.1 of the Code of Virginia for the regulation and supervision of the following types of institutions: state chartered banks, independent trust companies, state chartered savings institutions, state chartered credit unions, industrial loan

associations, consumer finance licensees, money order seller licensees, mortgage lenders and brokers, debt counseling agencies, and check cashiers. Financial institutions domiciled outside of Virginia that have deposit taking subsidiaries within the Commonwealth are also subject to the Bureau's 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 1,169 applications for various certificates of authority as shown below:

APPLICATIONS RECEIVED AND/OR ACTED UPON
BY THE BUREAU OF FINANCIAL INSTITUTIONS IN 1997

New Banks	5
Interim Banks	1
Bank Branches	107
Bank Branch Office Relocations	10
Bank EFT Facilities	79
Bank Mergers	11
Mergers Pursuant to the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994	5
Acquisitions Pursuant to Chapter 13 of Title 6.1	12
Acquisitions Pursuant to Chapter 14 of Title 6.1	1
Acquisitions Pursuant to Chapter 15 of Title 6.1	12
Acquisitions Pursuant to The Savings Institutions Act	4
Engage in Trust Business - Bank	1
Subsidiary Trust Company	2
New Trust Company	1
Establish an Independent Trust Branch	1
Out-of-State Credit Union	1
Credit Union Mergers	4
Credit Union Service Facilities	6
Move a Credit Union Office	4
Consumer Finance Offices	45
Consumer Finance Other Businesses	41
Consumer Finance Office Relocations	17
New Mortgage Brokers	133
New Mortgage Lenders	68
New Mortgage Lenders and Brokers	65
Mortgage Lender Broker Additional Authority	15
Acquisitions Pursuant to §6.1-416.1 of the Virginia Code	24
Mortgage Branches	248
Mortgage Office Relocations	224
New Money Order Sellers	7
Debt Counseling Agency Offices	4
Debt Counseling Additional Offices	6
Debt Counseling Office Relocations	1
New Check Cashers	4

At the end of 1997, there were under the supervision of the Bureau 122 banks with 1,518 branches, 59 Virginia bank holding companies, 15 non-Virginia bank hold companies with banking offices in Virginia, 3 independent trust companies, 4 savings institutions with 8 branches, 79 credit unions, 8 industrial loan associations, 33 consumer finance companies with 323 Virginia offices, 24 money order sellers, 12 non-profit debt counseling agencies, 31 check cashers, 113 mortgage lenders with 470 offices, 380 mortgage brokers with 492 offices, and 203 mortgage lender/brokers with 636 offices.

DIVISION OF INSURANCE REGULATION
ACTIVITIES FOR THE FISCAL YEAR ENDING JUNE 30, 1997

The regulation of insurance was transferred to the State Corporation Commission from the Auditor of Public Accounts in 1906. The Bureau has licensed and examined the affairs of insurance companies since that time. Regulation of insurance has been left almost exclusively to state governments since 1869, and here in Virginia the functions of the Bureau of Insurance have increased with the complexity and importance of insurance in our daily lives.

The Bureau of Insurance has four separate departments. There are three line departments, Financial Regulation, Market Regulation for Property and Casualty Insurance, and Market Regulation for Life and Health Insurance, and one staff department, Administration. The line units conduct the day-to-day operations of monitoring company and agent activities, while the staff department works in an auxiliary role to support the line units.

The Bureau is involved in a variety of regulatory functions which can be categorized into five areas. They include: (1) The examination and evaluation of companies to assure that they are financially sound and capable of meeting their contractual obligations. (2) The Bureau also reviews and studies rates and policies to insure that insurance products offered in this State are understandable, are of high quality, and that the premiums charged are reasonable and fair. (3) The Bureau also monitors the services and benefits provided by companies to determine if they are consistent with policy provisions, fairly and equitably delivered, and understandable. (4) In addition, the Bureau checks new entrants into the insurance business and monitors

the conduct of existing ones to determine if they are competent, knowledgeable, and conduct their activities in accordance with acceptable standards of business conduct. (5) The Bureau is also actively engaged in improving its present operations by identifying, and resolving areas of regulatory concern before significant problems develop.

SUMMARY OF 1997 ACTIVITIES

New insurance companies licensed to do business in Virginia	24
Insurance company financial statements analyzed	6,818
Financial examinations of insurance companies conducted	32
Property and Casualty insurance rules, rates, and form submissions	6,035
Life and Health insurance policy forms and rate submissions	6,155
Property and Casualty insurance complaints received	4,629
Life and Health insurance complaints received	3,513
Market conduct examinations completed by the Life and Health Division	17
Market conduct examinations completed by the Property and Casualty Division	9
Insurance agents and agencies licensed	84,301
Tax and Assessment Audits	6,000

RAILROAD REGULATION

The Division of Railroad Regulation investigates, at its own volition or upon complaint, rail service and compliance with rules and regulations by rail common carriers when intrastate aspects are involved; and conducts inspection and surveillance of rail tracks in State to provide for safe track maintenance in accordance with Federal Track Safety Standards as prescribed by the Federal Railroad Administration.

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 59.1-77 through 59.1-102.
Virginia Retail Franchising Act, Virginia Code Sections 13.1-557 through 13.1-574.

UNDER THE VIRGINIA SECURITIES ACT:

26	qualification applications received
1,166	coordination applications received
33	notification applications received
856	filings for exemption from registration (Reg. D)
2,087	broker-dealer registrations renewed and granted
88	broker-dealer registrations denied, withdrawn, and terminated
114,521	agent registrations renewed and granted
24,321	agent registrations denied, withdrawn, and terminated
1,535	investment advisor registrations renewed and granted
130	investment advisor registrations denied, withdrawn, and terminated
9,281	investment advisor representative registrations renewed and granted
4,561	investment advisor representative registrations denied, withdrawn and terminated
4	orders filing and/or canceling surety bonds
31	orders granting exemptions and/or official interpretations
23	orders for subpoena of records by banks, corporations, and individuals
24	orders of show cause
47	judgments of compromise and settlement
8	final order and/or judgment

UNDER THE VIRGINIA TRADEMARK AND SERVICE MARK ACT:

515	applications for trademarks and/or service marks approved, renewed, or assigned
411	applications for trademarks and/or service marks denied, abandoned, expired, or withdrawn

UNDER THE VIRGINIA RETAIL FRANCHISING ACT:

1,182	franchise registration, renewal, or post-effective amendment applications received
238	franchises denied, withdrawn, non-renewed, or terminated

UNIFORM COMMERCIAL CODE

The Clerk's Office is the Central Filing Office in the Commonwealth under Part 4 of the Uniform Commercial Code. It is charged with the duty of receiving, processing, indexing, and examining financing statements, continuation statements, amendments, assignments, releases and termination statements filed by nationwide financial and lending institutions, state and federal agencies, legal professions, and the general public to perfect a security interest in collateral which secures payment or performance of an obligation. The Clerk's Office also is the Central Filing Office for Federal Tax Liens.

SUMMARY OF CALENDAR YEAR ACTIVITIES

	1996	1997
Financing/Subsequent Statements Filed	79,855	78,417
Federal Tax Liens/Subsequent Liens Filed	4,300	3,257
Reels of Microfilmed documents sold	360	378

INDEX OF LEADING MATTERS DISPOSED OF BY FORMAL ORDER

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P -

- Q -

- R -

- S -

- T -

- U -

- V -

- W - X - Y - Z -

LIST OF CASES ESTABLISHED IN 1997

BAN/BFI: **BUREAU OF FINANCIAL INSTITUTIONS**

NOTE: Effective February 27,1995, the Bureau of Financial Institutions placed into operation the Financial Institutions Information System. All applications received on or after this date, which were acted upon under the authority delegated to the Commissioner of Financial Institutions rather than through a hearing before the Commission, are denoted by a BAN prefix. BAN is an acronym for Bureau Application Number.

BAN19970001 Financial Solutions L.L.C.
For a mortgage broker's license

BAN19970002 Metfund Maryland, Inc.
To relocate a mortgage broker's office from 4510 Wetherill Road, Bethesda, MD to 7799 Leesburg Pike, Suite 900 North, Tysons Corner, VA

BAN19970003 Marathon Bank, The
To open a branch at 1014 South Main Street, Woodstock, VA

BAN19970004 Marathon Bank, The
To open a branch at 1447 North Frederick Pike, Frederick County, VA

BAN19970005 Paramount Mortgage Corporation
To relocate a mortgage broker's office from 5900 Centreville Road, Suite 302, Centreville, VA to 3600 Chainbridge Road, Suite B, Fairfax, VA

BAN19970006 Sterling Mortgage Corporation
To open a mortgage lender and broker's office at 679 Berkmar Circle, Suite 200, Charlottesville, VA

BAN19970007 Kimberly J. Roberson t/a Middle America Mortgage
For a mortgage broker's license

BAN19970008 Crestar Bank
To establish an EFT at 2420 Whiteford Road, Whiteford, MD

BAN19970009 Crestar Bank
To establish an EFT at 2 Warren Road, Cockeysville, MD

BAN19970010 Crestar Bank
To establish an EFT at 4700 Muddy Creek Road, Galesville, MD

BAN19970011 Crestar Bank
To establish an EFT at 421 S. Camp Meade Road, Linthicum, MD

BAN19970012 Crestar Bank
To establish an EFT at 9105-B All Saints Road, Laurel, MD

BAN19970013 Crestar Bank
To establish an EFT at 3045 Rogers Avenue, Ellicott City, MD

BAN19970014 Crestar Bank
To establish an EFT at 7635-B Murray Hill, Columbia, MD

BAN19970015 Crestar Bank
To establish an EFT at 12780 Frederick Road, West Friendship, MD

BAN19970016 Crestar Bank
To establish an EFT at 12210 Clarksville Pike, Clarksville, MD

BAN19970017 Crestar Bank
To establish an EFT at 4892 Montgomery Road, Ellicott City, MD

BAN19970018 Crestar Bank
To establish an EFT at 910 Philadelphia Road, Joppa, MD

BAN19970019 Crestar Bank
To establish an EFT at 13605 Triadelphia Road, Genelg, MD

BAN19970020 Crestar Bank
To establish an EFT at 3944 Sykesville Road, Gamber, MD

BAN19970021 Crestar Bank
To establish an EFT at 4101 Norrisville Road, Madonna, MD

BAN19970022 Crestar Bank
To establish an EFT at 4802 Rocks Road, Pylesville, MD

BAN19970023 Crestar Bank
To merge into it Citizens Bank of Maryland

BAN19970024 Crestar Bank
To merge into it Citizens Bank of Washington, N.A.

BAN19970025 Crestar Bank
To establish an EFT at Staunton Mall, 1331 Greenville Ave., Augusta County, VA

BAN19970026 Custom Financial, L.L.C.
For a mortgage broker's license

BAN19970027 American Mortgage Financial & Investment Company, Inc.
For a mortgage broker's license

BAN19970028 MG Investments, Inc.
For a mortgage lender's license

BAN19970029 Bank of Ferrum
To establish an EFT at Franklin Minute Market, Route 40 East, Rocky Mount, VA

BAN19970030 Bankers Financial Group, Inc.
For a mortgage broker's license

BAN19970031 Bank of Northern Virginia, The
To open a branch at 200 Little Falls Street, Falls Church, VA
BAN19970032 Consumer Credit Counseling Service of Southwestern Virginia, Inc.
To open an additional debt counseling office at 209 Roanoke Street, Suite 10, Christiansburg, VA
BAN19970033 NVX, Incorporated
To open a mortgage broker's office at 6408-P Seven Corners Place, Falls Church, VA
BAN19970034 CMK Corporation t/a Mortgage Capital Investors
To open a mortgage lender and broker's office at 55 West Queenway, Suite 202, Hampton, VA
BAN19970035 Best Mortgage, Inc.
To relocate a mortgage broker's office from 3328 Monarch Lane, Annandale, VA to 2102C Gallows Road, Vienna, VA
BAN19970036 First Virginia Bank-Blue Ridge
To establish an EFT at 9181 N. Frederick Pike, Cross Junction, VA
BAN19970037 Mortgage Lenders Network USA, Inc.
For a mortgage lender's license
BAN19970038 Great Eastern Financial Services, Inc.
For a mortgage lender's license
BAN19970039 Parmann Mortgage Associates, L.P.
For a mortgage lender's license
BAN19970040 Citizens Mortgage Corporation
To relocate a mortgage lender broker's office from 7814 Carousel Lane, Suite 300, Richmond, VA to 1403 Pemberton Road, Suite 100, Richmond, VA
BAN19970041 Commercial Credit Corporation
To relocate a mortgage lender's office from 10800 Midlothian Turnpike, Suite 151, Richmond, VA to 9205 B Midlothian Turnpike, Richmond, VA
BAN19970042 Apple Tree Mortgage, Inc.
To open a mortgage broker's office at 18 Seventh Street, N.W., Suite 305, Norton, VA
BAN19970043 Home Funding Mortgage Corporation
For a mortgage broker's license
BAN19970044 Commercial Credit Corporation
To open a mortgage lender's office at 1426 East Memorial Drive, Ahoskie Shopping Center, Ahoskie, NC
BAN19970045 Commercial Credit Corporation
To open a mortgage lender's office at 136 West Andrews Avenue, Henderson, NC
BAN19970046 Commercial Credit Corporation
To relocate a mortgage lender's office from 1869 Pleasant Valley Rd., Winchester, VA to 51 West Jubal Early Drive, Winchester, VA
BAN19970047 Commercial Credit Loans, Inc.
To relocate consumer finance office from 1869 Pleasant Valley Road, Winchester, VA to 51 West Jubal Early Drive, Winchester, VA
BAN19970048 Castleton Capital Corp.
To open a mortgage broker's office at 49 South 3rd Street, Suite 13, Warrenton, VA
BAN19970049 CTX Mortgage Company
To relocate a mortgage lender broker's office from 621 Lynnhaven Parkway, Suite 330, Virginia Beach, VA to 621 Lynnhaven Parkway, Suite 275, Virginia Beach, VA
BAN19970050 F & M Bank - Richmond
To establish an EFT at 9159 Chamberlayne Road, Mechanicsville, VA
BAN19970051 HFS Incorporated
To acquire 100 percent of PHH Mortgage Services Corporation
BAN19970052 Crestar Bank
To open a branch at Blair Park Shopping Center,1330 East-West Highway, Silver Spring, MD
BAN19970053 Triangle Funding Corporation
To open a mortgage broker's office at 218 Kingston Drive, Forest, VA
BAN19970054 F & M Bank - Richmond
To establish an EFT at 14120 Hull Street Road, Chesterfield County, VA
BAN19970055 Clowser, Kevin Wayne t/a Lincoln Mortgage
To relocate a mortgage broker's office from 224 Lake Sever Drive, Winchester, VA to 357 Tasker Road, Stephens City, VA
BAN19970056 Branch Banking and Trust Company of Virginia
To merge into it Fidelity Federal Savings Bank
BAN19970057 First Virginia Bank of Tidewater
To open a branch at 2021 Lynnhaven Parkway, Virginia Beach, VA
BAN19970058 Shawish, Kayed d/b/a Real Estate Mortgage Group
For a mortgage broker's license
BAN19970059 Associates Financial Service Company of Delaware, Inc.
To open a mortgage lender's office at 6701 Carmel Road, Suite 115, Charlotte, NC
BAN19970060 Neal, Janis B. t/a Americomp
For a mortgage broker's license
BAN19970061 F & M Bank - Winchester
To establish an EFT at 3425 Martinsburg Pike, Clearbrook, VA
BAN19970062 EquiVantage, Inc.
For a mortgage lender's license
BAN19970063 United First Mortgage, Inc. d/b/a Northstar Mortgage Group
To relocate a mortgage lender broker's office from 8003 Franklin Farms Drive, Suite 233, Richmond, VA to 1700 Huguenot Road, Suite B, Midlothian, VA
BAN19970064 United Companies Lending Corporation t/a UC Lending
To open a mortgage lender's office at 1800 North Kent Street, Arlington, VA

BAN19970065 United Companies Lending Corporation t/a UC Lending
To open a mortgage lender's office at 8549 United Plaza Boulevard,1st Floor, Baton Rouge, LA
BAN19970066 Bayrock Federal Mortgage Corporation
For a mortgage lender's license
BAN19970067 Phoenix Financial Corporation of Virginia, Inc., The
To open a mortgage broker's office at 14 Fairfax Street, Leesburg, VA
BAN19970068 Phoenix Financial Corporation of Virginia, Inc., The
To open a mortgage broker's office at 46950 Community Place, Suite 219, Sterling, VA
BAN19970069 Phoenix Financial Corporation of Virginia, Inc., The
To open a mortgage broker's office at 297 Herndon Parkway, Suites 204 &205, Herndon, VA
BAN19970070 First Colonial Mortgage of NJ, Inc.
To open a mortgage lender's office at 25 Commerce Drive, Cranford, NJ
BAN19970071 First Colonial Mortgage of NJ, Inc.
To open a mortgage lender's office at 75 Essex Street, Hackensack, NJ
BAN19970072 Home Lending, LC d/b/a American Mortgage Partners
For a mortgage broker's license
BAN19970073 First Greensboro Home Equity, Inc.
To open a mortgage lender and broker's office at 1919 Commerce Drive, Suite 450, Pinewood Plaza, Hampton, VA
BAN19970074 Mortgage Access Corp.
To relocate a mortgage lender's office from 4000 Legato Road, Suite 280, Fairfax, VA to 6610 Rockledge Drive, Suite 100, Bethesda, MD
BAN19970075 First Greensboro Home Equity, Inc.
To open a mortgage lender and broker's office at 800 Sunset Lane, Suite A, Culpeper, VA
BAN19970076 Fairfax Mortgage Investments, Inc.
To relocate a mortgage lender broker's office from 12194 Henderson Road, Clifton, VA to 3900 University Drive, Suite 300, Fairfax, VA
BAN19970077 Dominion First Mortgage Corporation
To relocate a mortgage broker's office from 7220-A Yates Ford Road, Manassas, VA to 9315 Center Street, Suite 105, Manassas, VA
BAN19970078 Retail Financial Services, Inc. Checks 2 Cash
To open a check casher at 1879 East Oceanview Avenue, Norfolk, VA
BAN19970079 Bank of Rockbridge
To establish an EFT at 608 West 29th Street, Buena Vista, VA
BAN19970080 Southern Finance Mortgage Corp.
For a mortgage lender's license
BAN19970081 National Capital Bank of Washington, The
To open a branch at Messenger Service Branch, Not Assigned, VA
BAN19970082 Investment Consultants, Inc.
For a mortgage lender's license
BAN19970083 Beneficial Virginia, Inc.
To relocate consumer finance office from 14404 Jefferson Davis Highway, Woodbridge, VA to 1979 Daniel Stuart Square, The Market at Opitz Crossing, Woodbridge, VA
BAN19970084 Beneficial Mortgage Co. of Virginia
To relocate a mortgage lender broker's office from 14404 Jefferson Davis Highway, Woodbridge, VA to 1979 Daniel Stuart Square, The Market at Optiz Crossing, Woodbridge, VA
BAN19970085 Beneficial Discount Co. of Virginia
To relocate a mortgage lender's office from 14404 Jefferson Davis Highway, Woodbridge, VA to 1979 Daniel Stuart Square, The Market at Optiz Crossing, Woodbridge, VA
BAN19970086 Consolidated Bank and Trust Company
To open a branch at 30 South Mallory Street, Hampton, VA
BAN19970087 Phung, Quan N. d/b/a Quan N. Phung & Associates
For a mortgage broker's license
BAN19970088 First Midland Mortgage Company, L.L.C.
To open a mortgage broker's office at 1544 Hunting Avenue, McLean, VA
BAN19970089 F & M Bank - Massanutten
To open a branch at 430 Highlands Place, Rockingham County, VA
BAN19970090 Mortgage Bank, L.C., The
For a mortgage broker's license
BAN19970091 Bank of Ferrum
To establish an EFT at Penhook Minute Market, Route 40 East, Franklin County, VA
BAN19970092 Bank of Ferrum
To establish an EFT at Panda Minute Market, 616 North Main Street, Rocky Mount, VA
BAN19970093 Bank of Ferrum
To establish an EFT at 604 Minute Market, Route 220 Alternate, Botetourt County, VA
BAN19970094 Bank of Ferrum
To establish an EFT at Redwood Minute Market, Route 40 East, Franklin County, VA
BAN19970095 Bank of Ferrum
To establish an EFT at Ferrum Minute Market, Route 40 West, Franklin County, VA
BAN19970096 Nationscredit Financial Services Corporation of Virginia
To relocate consumer finance office from 11217-F Lee Highway, Fairfax County, VA to 12011 Lee Jackson Memorial Highway, Suite 101, Fairfax, VA
BAN19970097 1st Innovative Mortgage Corporation
To relocate a mortgage broker's office from 6564 Loisdale Court, Suite 815, Springfield, VA to 4306 Evergreen Lane, Suite 204, Annandale, VA

BAN19970098 University Mortgage, Inc.
To open a mortgage lender's office(s)
BAN19970099 Lancorp Financial Network, Inc.
To open a mortgage lender's office(s)
BAN19970100 Approved Residential Mortgage, Inc.
To open a mortgage lender and broker's office at 2380 Court Plaza Drive, Suite 100, Princess Anne Executive Park, Virginia Beach, VA
BAN19970101 Crestar Bank
To establish an EFT at Massanutten Resort Grocery Store, State Route 644, Rockingham County, VA
BAN19970102 Crestar Bank
To establish an EFT at 10700 North Park Drive, Glen Allen, VA
BAN19970103 Travelers Home Mortgage Services, Inc.
For a mortgage lender's license
BAN19970104 Bank of Clarke County
To establish an EFT at 1016 Millwood Pike, Frederick County, VA
BAN19970105 Bank of Clarke County
To establish an EFT at 1518 Martinsburg Pike, Frederick County, VA
BAN19970106 Old Dominion Financial Services, Inc.
For a mortgage broker's license
BAN19970107 Northwood Funding, Ltd.
For a mortgage broker's license
BAN19970108 Home Mortgage Center, Inc.
To open a mortgage lender and broker's office at 202 North Loudoun Street, 3rd Floor, Winchester, VA
BAN19970109 Consolidated Bank and Trust Company
To open a branch at 2015 25th Street, Newport News, VA
BAN19970110 First American Funding, Inc.
To open a mortgage lender and broker's office at 6320 Augusta Drive, Suite 1101, The Springfield Tower, Springfield, VA
BAN19970111 Fairfax Mortgage Investments, Inc.
To relocate a mortgage lender broker's office from 312 Tabb Lakes Drive, Yorktown, VA to 813 Diligence Drive, Suite 121C, Newport News, VA
BAN19970112 Johnson Mortgage Company
To open a mortgage lender and broker's office at 7171 George Washington Memorial Highway, Gloucester, VA
BAN19970113 1st American Financial Services, Inc.
To open a mortgage lender and broker's office at 4700 Berwyn House Road, Suites 101-103, College Park, MD
BAN19970114 First Community Bank
To establish an EFT at Randolph-Macon Woman's College, 2500 Rivermont Avenue, Lynchburg, VA
BAN19970115 MAK Financial Group, Inc.
For a mortgage broker's license
BAN19970116 Embassy Mortgage, Inc.
For a mortgage broker's license
BAN19970117 Old Dominion Trust Company
To open a new independent trust company at 109 E. Main Street, Suite 410, Norfolk, VA
BAN19970118 Atlas Capital Funding, Inc.
To relocate a mortgage lender's office from 7799 Leesburg Pike, Suites 923-925, Falls Church, VA to 11785 Beltsville Drive, Suite 150, Beltsville, MD
BAN19970119 Regional Investment Co. d/b/a RIC Mortgage Co.
To open a mortgage lender's office at 3136 Lynn Hurst Boulevard, Chesapeake, VA
BAN19970120 Landmark Mortgage, Inc.
To relocate a mortgage broker's office from 46859 Harry Byrd Highway, Sterling, VA to 46308 Cranston Street, Suite 275, Sterling, VA
BAN19970121 Harbor Financial Mortgage Corporation
To relocate a mortgage lender broker's office from 208 Golden Oak Court, Reflection III, Virginia Beach, VA to 675 Lynnhaven Parkway, Second Floor, Virginia Beach, VA
BAN19970122 Peoples Community Bank
To open a branch at southeast corner of the intersection of State Route 3 and State Route 607, Stafford County, VA
BAN19970123 Intercoastal Mortgage Company
To open a mortgage lender and broker's office at 22884 Cedar Green Road, Sterling, VA
BAN19970124 Mortgage Investment Corporation
To relocate a mortgage lender broker's office from 8290-B Old Courthouse Road, Vienna, VA to 8401 Old Courthouse Road, Suite 320, Vienna, VA
BAN19970125 Firstplus Financial, Inc. d/b/a Firstplus Direct
To open a mortgage lender's office at 7400 Beaufont Springs Dr., Suite 309, Richmond, VA
BAN19970126 Bank of Floyd, The
To open a branch at northeast corner of U.S. Highway 221 and Conners Grove, Willis, VA
BAN19970127 CTX Mortgage Company
To relocate a mortgage lender broker's office from 3333 Lee Parkway, Dallas, TX to 2728 North Harwood, Dallas, TX
BAN19970128 Deerwater Financial, Inc.
For a mortgage broker's license
BAN19970129 New Century Corporation (Used in VA by: New Century Mortgage Corporation)
For a mortgage lender's license
BAN19970130 EquiFirst Corporation
To relocate a mortgage lender's office from 7422 Carmel Executive Park, Ste 300, Charlotte, NC to 820 Forest Point Circle, Charlotte, NC
BAN19970131 Home Mortgage & Investment Company
To open a mortgage broker's office at 5929 Merritt Place, Falls Church, VA

BAN19970132 Pacific Shore Funding Corporation
For a mortgage lender's license
BAN19970133 Zarger, Lana C.
For a mortgage broker's license
BAN19970134 Full Spectrum Lending, Inc.
For a mortgage lender's license
BAN19970135 Pennywise Mortgage, Inc. d/b/a Nations Residential Mortgage
To relocate a mortgage broker's office from 10750 Baltimore Boulevard, Beltsville, MD to 4010 Blackburn Lane, Burtonsville, MD
BAN19970136 Superior Mortgage Corporation
To open a mortgage lender and broker's office at 554 North Main Street, Suite 205, South Boston, VA
BAN19970137 Block Mortgage Company, L.L.C.
To open a mortgage lender's office at 106 Westwood Office Park, Fredericksburg, VA
BAN19970138 Block Mortgage Company, L.L.C.
To open a mortgage lender's office at 1669 Phoenix Parkway, Suite 100, College Park, GA
BAN19970139 George Mason Bank, The
To establish an EFT at Capital Expo Center, 4320 Chantilly Shopping Center, Fairfax County, VA
BAN19970140 Crestar Bank
To establish an EFT at Richmond International Airport-Parking Garage, Airport Drive, Sandston, VA
BAN19970141 Bank of Ferrum
To open a branch at southeast corner of State Route 122 and Route 616, Franklin County, VA
BAN19970142 Americorp Financial Services, Inc.
For a mortgage broker's license
BAN19970143 RBO Funding, Inc.
To open a mortgage lender's office(s)
BAN19970144 Eagle Lending Services, Inc.
For a mortgage broker's license
BAN19970145 Eagle Funding Group SC, Inc.
For a mortgage lender's license
BAN19970146 CMK Corporation t/a Mortgage Capital Investors
To open a mortgage lender and broker's office at 11868 Sunrise Valley Dr., Suite 101, Reston, VA
BAN19970147 First Virginia Bank - Franklin County
To establish an EFT at Smith Mountain Lake Visitors Center, 2 Bridgewater Plaza, Route 122, Franklin County, VA
BAN19970148 F&M Bank-Northern Virginia
To open a branch at 440 Maple Avenue East, Vienna, VA
BAN19970149 Moser, Vivian S.
To acquire 100 percent of 1st Innovative Mortgage Corporation
BAN19970150 Parkway Mortgage, Inc.
To open a mortgage lender and broker's office at 1738 Elton Road, Suite 220, Silver Spring, MD
BAN19970151 Southern Financial Bank
To open a branch at 4021 University Drive, Fairfax, VA
BAN19970152 REALCO Funding Group, LC
For a mortgage lender's license
BAN19970153 1st InterFinancial Mortgage Corporation
For a mortgage lender's license
BAN19970154 Columbia National, Incorporated
To relocate a mortgage lender broker's office from 10613 Courthouse Road, Fredericksburg, VA to 10601 Courthouse Road, Fredericksburg, VA
BAN19970155 Wall Street Mortgage Corporation
To relocate a mortgage lender broker's office from 10000 Falls Road, Suite 304, Potomac, MD to 10000 Falls Road, Suite 300, Potomac, MD
BAN19970156 Check Cashing & More, Inc.
To open a check casher at 3525 E. Virginia Beach Boulevard, Virginia Beach, VA
BAN19970157 First-Citizens Bank & Trust Company
To open a branch at 2121 Colonial Avenue, Roanoke, VA
BAN19970158 National Home Loan Corporation
For a mortgage lender's license
BAN19970159 F & M Mortgage Corporation
For a mortgage broker's license
BAN19970160 Approved Residential Mortgage, Inc.
To relocate a mortgage lender broker's office from 3805 Cutshaw Avenue, Daniel Building, Richmond, VA to 7231 Forest Avenue, Suite 304, Richmond, VA
BAN19970161 Bank of Alexandria, The
To establish an EFT at 2306 Mount Vernon Avenue, Alexandria, VA
BAN19970162 First Southern Mortgage Corporation
For a mortgage broker's license
BAN19970163 Harbour Credit Counseling Services, Inc.
To relocate a debt counseling office from 101 North Lynnhaven Road, Suite 200, Virginia Beach, VA to 397 Little Neck Road, Building 3300, Suite 110, Virginia Beach, VA
BAN19970164 Security Pacific Financial Services, Inc.
To relocate consumer finance office from 544-A East Stuart Drive, Galax, VA to 544-B East Stuart Drive, Galax, VA
BAN19970165 Regency Mortgage Services, L.L.C.
For a mortgage broker's license

BAN19970166 MorEquity, Inc.
For a mortgage lender's license
BAN19970167 Commercial Credit Corporation
To relocate a mortgage lender's office from 415 Roanoke Street, Christiansburg, VA to 1580 North Franklin Street, Foothills Center, Christiansburg, VA
BAN19970168 First Virginia Bank
To establish an EFT at 22605 Sterling Boulevard, Sterling, VA
BAN19970169 Commercial Credit Loans, Inc.
To relocate consumer finance office from10800 Midlothian Turnpike, Suite 151, Chesterfield County, VA to 9205 B Midlothian Turnpike, Chesterfield County, VA
BAN19970170 Belford, John A. d/b/a First Virginia Financial
For a mortgage broker's license
BAN19970171 First Guaranty Mortgage Corporation t/a 1st Regency Funding
To open a mortgage lender and broker's office at 1773 Parham Road, Suite 204, Richmond, VA
BAN19970172 Allied Federal Financial, LLC
To relocate a mortgage lender's office from 7833 Walker Drive, Suite 660, Greenbelt, MD to 4343 Plank Road, Suite 130, Fredericksburg, VA
BAN19970173 Spaniol, Timothy J.
For a mortgage broker's license
BAN19970174 Newport Shores Financial, Inc.
For a mortgage lender's license
BAN19970175 AAA Mortgage and Financial Corporation d/b/a CommonPoint Mortgage
To open a mortgage lender and broker's office at West Shore III, 300 Concourse Blvd., Glen Allen, VA
BAN19970176 Wholesale Express Mortgage Corporation, Inc.
For a mortgage lender's license
BAN19970177 Edmunds Financial Corporation d/b/a Service First Mortgage
To relocate a mortgage lender broker's office from 7801 Sudley Road, Manassas, VA to 7696 Stream Walk Lane, Manassas, VA
BAN19970178 First Community Finance, Inc.
To relocate consumer finance office from 541 East Nelson Street, Lexington, VA to 150 Walker Street, Lexington, VA
BAN19970179 Edwards and Benjamin Financial Services, Inc.
For a mortgage broker's license
BAN19970180 Abbott Capital Corporation
For a mortgage broker's license
BAN19970181 HFS Associates, Inc.
To relocate a mortgage broker's office from 9428 Fox Hollow Drive, Potomac, MD to 5834 Hubbard Drive, Rockville, MD
BAN19970182 Preciado, Alma
For a mortgage broker's license
BAN19970183 F & M Bank-Central Virginia
To establish an EFT at 188 Faulconerville Road, Amherst County, VA
BAN19970184 FIRSTPLUS Financial Group, Inc.
To acquire 100 percent of Capital Direct Funding Group, Inc.
BAN19970185 First Bancorp Mortgage Corporation
To open a mortgage lender and broker's office at 5000 New Point Road, Suite 1202, Williamsburg, VA
BAN19970186 Nova Credit Corporation d/b/a Centex Home Equity Corporation
To relocate a mortgage lender's office from 5101 DTC Parkway, Suite 310, Englewood, CO to 2728 North Harwood, Dallas, TX
BAN19970187 First Savings Mortgage Corporation d/b/a Portfolio Funding Group
To relocate a mortgage lender broker's office from 122 Defense Highway, Suite 200, Annapolis, MD to 1419 Forest Drive, Suite 208, Annapolis, MD
BAN19970188 United First Mortgage, Inc. d/b/a Northstar Mortgage Group
To relocate a mortgage lender broker's office from 3660 Boulevard, Suite A, Colonial Heights, VA to 3701-A Boulevard, Colonial Heights, VA
BAN19970189 Columbia National, Incorporated
To relocate a mortgage lender broker's office from 10440 Little Patuxent Parkway, Columbia, MD to 10630 Little Patuxent Parkway, Suite 224, Columbia, MD
BAN19970190 Columbia National, Incorporated
To relocate a mortgage lender broker's office from 2255 Crain Highway, Suite 207, Waldorf, MD to 3825 Leonardtown Road, Suite 5, Waldorf, MD
BAN19970191 Chase Home Funding, Inc.
For a mortgage broker's license
BAN19970192 Salem Financial LC
To open a mortgage broker's office at 1627 Scruggs Road, Wirtz, VA
BAN19970193 Citizens Bank of Tazewell, Inc.
To open a branch at 910 East Main Street, Wytheville, VA
BAN19970194 One Stop Mortgage, Inc.
To open a mortgage lender's office at 14435 Cherry Lane Court, Suite 204, Laurel, MD
BAN19970195 Tri-Star Financial Services, Inc.
For a mortgage lender's license
BAN19970196 Crestar Bank
To open a branch at 12254 Tullamore Road, Timonium, MD
BAN19970197 Accubanc Mortgage Corporation
To relocate a mortgage lender broker's office from 3951 Westerre Parkway, Suite 100, Richmond, VA to 5030 Sadler Road, Suite 201, Glen Allen, VA

BAN19970198 Banc One Financial Services, Inc.
To open a consumer finance office
BAN19970199 Banc One Financial Services, Inc.
To conduct mortgage lending where other business will also be conducted
BAN19970200 Unity Mortgage Corp.
To relocate a mortgage lender broker's office from 9801 Broken Land Parkway, Suite 103, Columbia, MD to 10630 Little Patuxent Parkway, Suite 330, Columbia, MD
BAN19970201 Crosstate Mortgage & Investments Inc.
To open a mortgage broker's office at 4331 Old Hundred Road, Chester, VA
BAN19970202 Option One Mortgage Corporation
For a mortgage lender's license
BAN19970203 First Chesapeake Mortgage Corporation of Fredericksburg (Used in VA by: First Chesapeake Mortgage Corporation)
To open a mortgage broker's office at 5410 Heritage Hills Circle, Fredericksburg, VA
BAN19970204 F & M Bank - Richmond
To establish an EFT at 3310 Church Road, Henrico County, VA
BAN19970205 Mortgage Portfolio Services, Inc.
For a mortgage lender's license
BAN19970206 Hampton Roads Funding Corporation
To relocate a mortgage lender broker's office from 1206 Laskin Road, Suite 101, Virginia Beach, VA to 1321 Laskin Road, Suite 200, Virginia Beach, VA
BAN19970207 Capitol Funding, Inc.
To relocate a mortgage broker's office from 8324-J Runaway Bay Drive, Charlotte, NC to 8016 Ship Street, Suite 315, Charlotte, NC
BAN19970208 Southern Finance Corp.
To conduct property insurance business where other business will also be conducted
BAN19970209 Southern Finance Corp.
To conduct sales finance business where other business will also be conducted
BAN19970210 Southern Finance Corp.
To conduct mortgage lending where other business will also be conducted
BAN19970211 Southern Finance Corp.
To conduct mortgage brokering where other business will also be conducted
BAN19970212 First Virginia Banks, Inc.
To acquire Premier Bankshares Corporation Tazewell, VA
BAN19970213 First Chesapeake Mortgage Corporation of Fredericksburg (Used in VA by: First Chesapeake Mortgage Corporation)
To relocate a mortgage broker's office from 122 Defense Highway, Suite 200, Annapolis, MD to 5801 Allentown Road, Suite 106B, Camp Springs, MD
BAN19970214 American Federal Mortgage Corporation
For a mortgage broker's license
BAN19970215 FCFT, Inc.
To acquire Blue Ridge Bank
BAN19970216 Security Funding Corp.
To relocate a mortgage lender's office from 501 Great Road, Unit 105, North Smithfield, RI to 6 Blackstone Valley Place, Suite 205, Lincoln, RI
BAN19970217 Signet Bank
To open a branch at 4690 Pouncey Tract Road, Glen Allen, VA
BAN19970218 Consultant's Mortgage Inc. (Used in VA by: The Mortgage Consultants, Inc.)
To open a mortgage lender and broker's office at 6184-A Old Franconia Road, Alexandria, VA
BAN19970219 Carteret Mortgage Corporation
To open a mortgage broker's office at 4812 S. 29th Street, Arlington, VA
BAN19970220 Skeete, Norma M.
To relocate a mortgage broker's office from 6320 Augusta Drive, Suite 1500, Springfield, VA to 8121 Georgia Avenue, Suite 402A, Silver Spring, MD
BAN19970221 Unity Mortgage Corp.
To open a mortgage lender and broker's office at 6600 Peachtree, Dunwoody Road, Suite 600, Atlanta, GA
BAN19970222 Fraser, William. A. t/a Financial Solutions
To relocate a mortgage broker's office from 10560 Main Street, Suite Ph8, Fairfax, VA to 2411 Newton Street, Vienna, VA
BAN19970223 Bank of Rockbridge
To establish an EFT at Natural Bridge of Virginia Gift Shop, U.S. Route 11, Rockbridge County, VA
BAN19970224 North American Mortgage Company
To open a mortgage lender's office at 11166 Main Street, Suite 202, Fairfax, VA
BAN19970225 Firstplus Financial, Inc. d/b/a Firstplus Direct
To relocate a mortgage lender's office from 1250 Mockingbird Lane, Dallas, TX to 1600 Viceroy, Dallas, TX
BAN19970226 Valley Pine Mortgage, Inc.
For a mortgage lender's license
BAN19970227 Mortgage First, Inc.
For a mortgage broker's license
BAN19970228 Financial Network Alliance, L.L.P.
For a mortgage lender's license
BAN19970229 Mortgage Specialists, Inc., The
For a mortgage broker's license
BAN19970230 University Mortgage, Inc.
To relocate a mortgage lender broker's office from 4716 Pontiac Street, Suite 200, College Park, MD to 3808 34th Street, Mt. Ranier, MD

BAN19970231 Regional Investment Co. d/b/a RIC Mortgage Co.
To open a mortgage lender's office at 3074 Brickhouse Court, Virginia Beach, VA
BAN19970232 Universal American Mortgage Company
To relocate a mortgage lender's office from 2661 Riva Road, Suite 620, Annapolis, MD to 403 Headquarters Drive, Suite 1, Millersville, MD
BAN19970233 City Finance Company d/b/a Public Finance Corporation
To relocate consumer finance office from 2600 Memorial Avenue, Suite 108, Lynchburg, VA to 2225 Lakeside Drive, Lynchburg, VA
BAN19970234 Public Loan Corporation d/b/a Public Mortgage Company
To relocate a mortgage lender's office from 2600 Memorial Avenue, #108, Lynchburg, VA to 2225 Lakeside Drive, Lynchburg, VA
BAN19970235 Virginia Commerce Bank
To relocate office from 3033 Wilson Boulevard, Arlington County, VA to 2930 Wilson Boulevard, Arlington County, VA
BAN19970236 Mortgage Lenders Association, Inc.
To relocate a mortgage lender's office from 1401 Greenbrier Parkway, Suite 150-A, Chesapeake, VA to 4801 Columbus Street, Suite 103, Virginia Beach, VA
BAN19970237 Blazer Financial Services Inc.
To relocate consumer finance office from 3809 Princess Anne Road, Suite 120, Virginia Beach, VA to 5386 Kemps River Drive, Virginia Beach, VA
BAN19970238 Blazer Mortgage Services, Inc.
To relocate a mortgage lender's office from 3809 Princess Anne Road, Suite 120, Virginia Beach, VA to 5386 Kemps River Drive, Virginia Beach, VA
BAN19970239 First Virginia Bank-Blue Ridge
To establish an EFT at 600 4th Street, Shenandoah, VA
BAN19970240 Dominion Mortgage Corporation
For a mortgage broker's license
BAN19970241 Caleb Mortgage Corporation
For a mortgage broker's license
BAN19970242 Trust Company of Virginia, The
To open a new independent trust company branch at 764 E. Ellerslie Avenue, Colonial Heights, VA
BAN19970243 Alliance Home Mortgage Corporation
For a mortgage broker's license
BAN19970244 Corporate America Family Credit Union
Out of state credit union to open an in state office
BAN19970245 George Mason Bank, The
To merge into it George Mason Bank, National Association
BAN19970246 Potomac Mortgage Corporation
For a mortgage broker's license
BAN19970247 EMB Mortgage Corporation
For a mortgage lender's license
BAN19970248 Farmers & Merchants Bank-Eastern Shore
To establish an EFT at Northampton-Accomack Mem. Hospital, 9507 Hospital Avenue, Nassawadox, VA
BAN19970249 RDM Mortgage, Inc.
To relocate a mortgage broker's office from 10615 Judicial Drive, #603, Fairfax, VA to 12905 New Parkland Drive, Herndon, VA
BAN19970250 Home Mortgage Center, Inc.
To relocate a mortgage lender broker's office from 202 North Loudoun Street, 3rd Floor, Winchester, VA to 31 South Braddock Street, 2nd. Floor, The Cambridge Building, Winchester, VA
BAN19970251 Security Federal Mortgage & Financial Services, Incorporated
For a mortgage broker's license
BAN19970252 United First Mortgage, Inc. d/b/a Northstar Mortgage Group
To open a mortgage lender and broker's office at 2697 Dean Drive, Suite 102, Virginia Beach, VA
BAN19970253 First Chesapeake Mortgage Corporation of Fredericksburg (Used in VA by: First Chesapeake Mortgage Corporation)
To open a mortgage broker's office at 2515 Fall Hill Avenue, Fredericksburg, VA
BAN19970254 Associates Financial Services Company of Delaware, Inc.
To relocate a mortgage lender's office from 250 E. Carpenter Freeway, Irving, TX to 300 E. Carpenter Freeway, Irving, TX
BAN19970255 Shoemaker, Alan
To acquire 100 percent of Colonial Mortgage Group, L.L.C.
BAN19970256 Kirchner, Chris
To acquire 100 percent of Colonial Mortgage Group, L.L.C.
BAN19970257 Joseph, Michael
To acquire 100 percent of Colonial Mortgage Group, L.L.C.
BAN19970258 Primerica Financial Services Home Mortgages, Inc.
To relocate a mortgage lender broker's office from 6320 Augusta Drive, Suite 1500, Springfield, VA to 8121 Georgia Avenue, Suite 402A, Silver Spring, MD
BAN19970259 Mortgage America (IMC), Inc. d/b/a Alternative Lending Mortgage Corporation
For a mortgage lender's license
BAN19970260 Crestar Bank
To establish an EFT at 3435 Connecticut Avenue, NW, Washington, DC
BAN19970261 Finance America Corporation of Maryland (Used in VA by: Finance America Corporation)
To relocate a mortgage lender's office from 12510 Prosperity Drive, Suite 200, Silver Spring, MD to 8400 Baltimore Avenue, 2nd Floor, College Park, MD
BAN19970262 Bay Banks of Virginia, Inc.
To acquire Bank of Lancaster Kilmarnock, VA

BAN19970263 WMC Finance Co.
To acquire 100 percent of Weyerhaeuser Mortgage Company
BAN19970264 United National Mortgage Corporation d/b/a Network 1 Mortgage Access Group
To relocate a mortgage lender's office from 12150 East Monument Drive, Suite 510, Fairfax, VA to 12150 East Monument Drive, Suite 101, Fairfax, VA
BAN19970265 Mortgage Discounters, Inc.
To relocate a mortgage broker's office from 8201 Greensboro Drive, Suite 716, McLean, VA to 5103 B Backlick Road, Annandale, VA
BAN19970266 Reese, Richard Henry
For a mortgage broker's license
BAN19970267 Amerifund Group, Inc.
For a mortgage lender's license
BAN19970268 Mercantile Bankshares Corporation
To acquire Home Bank
BAN19970269 Mercantile Bankshares Corporation
To acquire Farmers Bank of Mardela Springs
BAN19970270 First Home Mortgage Corporation
To relocate a mortgage lender broker's office from 770 Ritchie Highway, Severna Park, MD to 1127 Benfield Boulevard, Suite M, Millersville, MD
BAN19970271 Home Loan Corporation
To open a mortgage lender and broker's office at 6330 North Center Drive, Suite 206, Norfolk, VA
BAN19970272 First Bancorp Mortgage Corporation
To relocate a mortgage lender broker's office from 688 J. Clyde Morris Blvd., Newport News, VA to 1730 George Washington Memorial Highway, Yorktown, VA
BAN19970273 First Bank
To establish an EFT at Shenandoah Memorial Hospital, 759 South Main Street, Woodstock, VA
BAN19970274 First Home Loan of Virginia, Inc.
For a mortgage lender's license
BAN19970275 First Union National Bank of North Carolina
To merge into it First Union National Bank, First Union National Bank of Maryland, First Union National Bank of Tennessee, First Union National Bank of Connecticut, First Union National Bank of South Carolina, First Union National Bank of Virginia, and First Union National Bank of Washington, D.C.
BAN19970276 Equity One Consumer Discount Company, Inc. d/b/a Equity One Consumer Loan
To open a consumer finance office
BAN19970277 Equity One Consumer Discount Company, Inc. d/b/a Equity One Consumer Loan
To conduct property insurance business where other business will also be conducted
BAN19970278 Equity One Consumer Discount Company, Inc. d/b/a Equity One Consumer Loan
To conduct mortgage lending where other business will also be conducted
BAN19970279 Equity One Consumer Discount Company, Inc. d/b/a Equity One Consumer Loan
To conduct sales finance business where other business will also be conducted
BAN19970280 Equity One of Virginia, Inc.
To open a mortgage lender and broker's office at 662 Highway 58 East, Norton, VA
BAN19970281 Columbia National, Incorporated
To open a mortgage lender and broker's office at 428E Alamance Road, Burlington, NC
BAN19970282 Custom Mortgage Company
To relocate a mortgage broker's office from 1760 Reston Parkway, Suite 403, Reston, VA to 5429 Backlick Road, Suite 100, Springfield, VA
BAN19970283 Copeland Mortgage Services, Inc.
To relocate a mortgage broker's office from 410 Oakmears Crescent, Suite 201, Virginia Beach, VA to 1500 Forest Avenue, Suite 118, Richmond, VA
BAN19970284 First Midland Mortgage Company, L.L.C.
To relocate a mortgage broker's office from 3933-D St. Charles Parkway, Waldorf, MD to 957 Chandler Court, Waldorf, MD
BAN19970285 F & M Bank-Peoples
To establish an EFT at The Corner Store, 5090 Old Tavern Rd., The Plains, VA
BAN19970286 Consolidated Mortgage and Financial Services Corporation d/b/a Mr. Cash
To open a mortgage lender and broker's office at 800 Moorefield Park Drive, Suite 301, Richmond, VA
BAN19970287 Milamar Corporation, The
For a mortgage broker's license
BAN19970288 CWM Mortgage Holdings, Inc.
For a mortgage lender's license
BAN19970289 NVX, Incorporated
To open a mortgage broker's office at 6911 Richmond Highway, Suite 310, Alexandria, VA
BAN19970290 CMK Corporation t/a Mortgage Capital Investors
To open a mortgage lender and broker's office at 46859 Harry Byrd Highway, Sterling, VA
BAN19970291 Coastal American Mortgage, Inc.
To open a mortgage broker's office at 11655 Midlothian Turnpike, Midlothian, VA
BAN19970292 Beneficial Discount Co. of Virginia
To relocate a mortgage lender's office from Rockwood Square Shopping Center, 10175 Hull Street, Store 7, Midlothian, VA to Victorian Square, 10809 Hull St. Rd., Midlothian, VA
BAN19970293 Beneficial Mortgage Co. of Virginia
To relocate a mortgage lender broker's office from 10175 Hull Street, Store 7, Rockwood Square Shopping Center Store, Midlothian, VA to Victorian Square, 10809 Hull St. Rd., Midlothian, VA

BAN19970294 Beneficial Virginia, Inc.
To relocate consumer finance office from 10175 Hull Street Road, Store 7, Midlothian, VA to Victorian Square, 10809 Hull St. Rd., Midlothian, VA
BAN19970295 Ivy Mortgage Corp.
For a mortgage lender's license
BAN19970296 Lam Estate Corporation
For a mortgage broker's license
BAN19970297 First Virginia Bank
To establish an EFT at 12011 Government Center Parkway, Fairfax County Government Center, Fairfax County, VA
BAN19970298 Key Mortgage Company, Inc.
For a mortgage broker's license
BAN19970299 Princess Anne Bank
To establish an EFT at 3550 Cellar Door Way, Virginia Beach, VA
BAN19970300 Bank of Marion, The
To establish an EFT at The Village Truck Stop, U.S. Route 11, Smyth County, VA
BAN19970301 C.U. Mortgage Centre, Inc.
To relocate a mortgage broker's office from 6035 Burke Centre Parkway, Suite 200, Burke, VA to 11350 Random Hills Road, Suite 220, Fairfax, VA
BAN19970302 Commonwealth Mortgage Corporation
To relocate a mortgage broker's office from 6035 Burke Centre Parkway, Suite 200, Burke, VA to 11350 Random Hills Road, Suite 220, Fairfax, VA
BAN19970303 First Heritage Mortgage Company
To open a mortgage broker's office at 526 Main Street, Suite 24, South Boston, VA
BAN19970304 Aames Funding Corporation d/b/a Aames Home Loan
To open a mortgage lender and broker's office at 350 S. Grand Avenue, 52nd Floor, Los Angeles, CA
BAN19970305 Fauquier Bank, The
To establish an EFT at 6417 Lee Highway, Warrenton, VA
BAN19970306 JRMK Co., Inc. d/b/a Alternative Financial
For a mortgage lender's license
BAN19970307 First Virginia Bank - Southwest
To merge into it First Virginia Bank-Highlands
BAN19970308 Thomas Cook Travellers Cheques Limited
For a money order license
BAN19970309 Home Lending, LC d/b/a American Mortgage Partners
To relocate a mortgage broker's office from 1707 Duke Street, Alexandria, VA to 7926 Jones Branch Road, Suite 700, McLean, VA
BAN19970310 U. S. Mortgage Capital, Inc.
To open a mortgage lender and broker's office at 532 North Washington Street, Alexandria, VA
BAN19970311 American Mortgage Services, Inc.
For a mortgage broker's license
BAN19970312 Sterling Miller Company, Inc.
For a mortgage broker's license
BAN19970313 Cadmus Credit Union, Incorporated
To merge into it Richmond Continental Federal Credit Union
BAN19970314 Cardinal Mortgage, Inc.
To open a mortgage broker's office at 6878 Fleetwood Drive, Suite E, McLean, VA
BAN19970315 Consumer Credit Counseling Service of Greater Washington, Inc.
To open an additional debt counseling office at 604 South King Street, Unit 007, Leesburg, VA
BAN19970316 City Finance Company d/b/a Public Finance Corporation
To relocate consumer finance office from 2622 W. Main Street, Westwood Village Shopping Center, Waynesboro, VA to 2566 Jefferson Highway, Suite 101, Augusta County, VA
BAN19970317 Public Loan Corporation d/b/a Public Mortgage Company
To relocate a mortgage lender's office from Westwood Village Shopping Center, 2620 West Main Street, Waynesboro, VA to 2566 Jefferson Highway, Suite 101, Waynesboro, VA
BAN19970318 United Companies Lending Corporation t/a UC Lending
To open a mortgage lender's office at 3130 Chapparral Drive, Suite 100, Roanoke, VA
BAN19970319 First Greensboro Home Equity, Inc.
To open a mortgage lender and broker's office at 2426 Lee Highway, Suite 108, Bristol, VA
BAN19970320 Community Development Group, Inc. of Delaware t/a Community Mortgage Company
To open a mortgage broker's office at 7023 Little River Turnpike, Suite 340, Annandale, VA
BAN19970321 Brokers Commitment Corporation t/a Highland Financial Corporation
To relocate a mortgage lender broker's office from 1313 Dolley Madison Blvd., #203, McLean, VA to 11440 Isaac Newton Square, Suite 110, Reston, VA
BAN19970322 F & M Bank-Peoples
To establish an EFT at 5117 Mudd Tavern Road, Woodford, VA
BAN19970323 Chesapeake Mortgage Services, Inc.
To relocate a mortgage lender broker's office from 8815 Centre Park Drive, Suite 100, Columbia, MD to 8808 Centre Park Drive, Suite 301, Columbia, MD
BAN19970324 First Street Mortgage Corp.
For a mortgage lender's license
BAN19970325 Washington Mortgage Services, Inc.
To open a mortgage lender's office(s)

BAN19970326 Credit Depot Corporation of Virginia
To open a mortgage lender's office at 1655 N. Fort Meyer Drive, Suite 700, Arlington, VA
BAN19970327 Associates Financial Services Company of Delaware, Inc.
To open a mortgage lender's office at 1301 South Bowen Road, Suite 201, Arlington, TX
BAN19970328 First Virginia Bank of Tidewater
To establish an EFT at 1518 Colley Avenue, Norfolk, VA
BAN19970329 IMC Mortgage Company
For a mortgage lender's license
BAN19970330 First Alliance Mortgage Company
To open a mortgage lender's office at 8000 Towers Crescent Drive, 6th Floor, Vienna, VA
BAN19970331 Community Bankshares Incorporated
To acquire County Bank of Chesterfield
BAN19970332 Mortgage Bankers of Virginia, Inc.
To open a mortgage broker's office at 228 North Lynnhaven Road, Suite 107, Virginia Beach, VA
BAN19970333 Real Estate Mortgage Group, Inc.
For a mortgage broker's license
BAN19970334 Walsh Securities, Inc.
For a mortgage lender's license
BAN19970335 Union Bank and Trust Company
To open a branch at 11625 Brock Road, Spotsylvania County, VA
BAN19970336 Transatlantic Mortgage Company, Ltd. d/b/a The Processing Center
To open a mortgage broker's office at 4555 Progress Road, Norfolk, VA
BAN19970337 Transatlantic Mortgage Company, Ltd. d/b/a The Processing Center
To relocate a mortgage broker's office from 4460 Corporation Lane, Suite 190, Virginia Beach, VA to 4536 Bonney Road, Suite A, Virginia Beach, VA
BAN19970338 Federal Funding Mortgage Corporation
To relocate a mortgage lender broker's office from 6500 Rock Spring Drive Suite 404, Bethesda, MD to 6430 Rockledge Drive, Suite 505, Bethesda, MD
BAN19970339 First Republic Mortgage Corporation d/b/a US Capital Funding
To relocate a mortgage lender broker's office from 10075 Red Run Blvd., Suite 550, Owings Mills, MD to 9017 Red Branch Road, Suite 260, Columbia, MD
BAN19970340 North American Mortgage Company
To relocate a mortgage lender's office from 11200 Rockville Pike, Suite 410, Rockville, MD to 6 Montgomery Village Avenue, Suite 600, Gaithersburg, MD
BAN19970341 Allied Federal Financial, LLC
To open a mortgage lender's office at 1544 York Road, Suite 200, Lutherville, MD
BAN19970342 Garofalo, John
To acquire 100 percent of Metropolitan Mortgage Bankers, Inc.
BAN19970343 Family Finance Corp.
To open a consumer finance office
BAN19970344 Family Finance Corp.
To conduct mortgage brokering where other business will also be conducted
BAN19970345 Family Finance Corp.
To conduct mortgage lending where other business will also be conducted
BAN19970346 Family Finance Corp.
To conduct property insurance business where other business will also be conducted
BAN19970347 Family Finance Corp.
To conduct sales finance business where other business will also be conducted
BAN19970348 Long Beach Mortgage Company
For a mortgage lender's license
BAN19970349 American Lending Group, Inc.
To open a mortgage lender's office(s)
BAN19970350 Imperial Home Loans, Inc.
To open a mortgage lender and broker's office at Heaver Plaza,1301 York Road, Suite 400, Lutherville, MD
BAN19970351 Pinnacle Residential Mortgage Corporation
To open a mortgage broker's office at 5710 Executive Drive, Suite 103, Baltimore, MD
BAN19970352 Coastal Mortgage Corporation
To relocate a mortgage broker's office from 13936 Middle Creek Place, Centreville, VA to 13905 Green Trails Court, Centreville, VA
BAN19970353 Greentree Mortgage Corporation
For a mortgage broker's license
BAN19970354 Capital Lending Services, Inc.
For a mortgage broker's license
BAN19970355 Marathon Bank, The
To establish an EFT at 6656 N. Frederick Pike, Cross Junction, VA
BAN19970356 GMAC Mortgage Corporation
To open a mortgage lender and broker's office at 110 Plaza Circle, Waterloo, IA
BAN19970357 GMAC Mortgage Corporation
To open a mortgage lender and broker's office at Cave Spring Professional Park, 3247 Electric Road, Roanoke, VA
BAN19970358 GMAC Mortgage Corporation
To open a mortgage lender and broker's office at 35 Thorpe Avenue, Wallingford, CT
BAN19970359 Fairfield Mortgage Corporation
For a mortgage lender's license

BAN19970360 Community Bank of Northern Virginia
To open a branch at 8150 Leesburg Pike, Vienna, VA
BAN19970361 JTX Tax, Inc.
To open a check casher at Church Square Center, 850 C Church Street, Norfolk, VA
BAN19970362 Mortgage Lenders Network USA, Inc.
To open a mortgage lender's office at Two Walnut Grove, Horsham, PA
BAN19970363 Harbor Financial Mortgage Corporation
To open a mortgage lender and broker's office at 9475 Deereco Road, Suite 406, Timonium, MD
BAN19970364 America's Funding Group, Inc.
To relocate a mortgage lender broker's office from 12355 Sunrise Valley Drive, Ste. 625, Reston, VA to 201-A Royal Street, S.E., Leesburg, VA
BAN19970365 Residential Money Centers, Inc.
To relocate a mortgage lender broker's office from 180 Summitt Avenue, Montvale, NJ to 20 Craig Road, Montvale, NJ
BAN19970366 Southern National Corporation
To acquire United Carolina Bancshares
BAN19970367 Great American Home Mortgage Corporation
For a mortgage lender's license
BAN19970368 Planters Bank & Trust Company of Virginia
To establish an EFT at 305 Augusta Avenue, Grottoes, VA
BAN19970369 First-Citizens Bank & Trust Company
To open a branch at Piedmont Drive at Lowes Drive, Danville, VA
BAN19970370 North American Mortgage Company
To open a mortgage lender's office(s)
BAN19970371 FirstCity Financial Corporation
To acquire 100 percent of Harbor Financial Mortgage Corporation
BAN19970372 FirstCity Financial Corporation
To acquire 100 percent of New America Financial Incorporated
BAN19970373 Bank of Alexandria, The
To open a branch at 2111 Eisenhower Avenue, Alexandria, VA
BAN19970374 MoneyGram Payment Systems, Inc.
For a money order license
BAN19970375 American Mortgage Bankers, Inc.
To open a mortgage broker's office at 3560 Chestnut Forks Road, Marshall, VA
BAN19970376 Southside Bank
To open a branch at southwest corner of the intersection of State Route 33 and State Route 1101, Deltaville, VA
BAN19970377 Belgravia Financial Services, LLC
For a mortgage lender's license
BAN19970378 Imperial Home Loans, Inc.
To open a mortgage lender and broker's office at 3975 University Drive, Suite 230, Fairfax, VA
BAN19970379 Regional Investment Co. d/b/a RIC Mortgage Co.
To open a mortgage lender's office at 2117 Chamberling Key, Virginia Beach, VA
BAN19970380 First Virginia Bank - Southwest
To establish an EFT at 7480 Lee Highway, Montgomery County, VA
BAN19970381 First Virginia Bank - Southwest
To establish an EFT at 112 West Main Street, Christiansburg, VA
BAN19970382 Dunn, Joseph E.
To acquire 100 percent of Superior Mortgage Corporation
BAN19970383 CommonPoint Mortgage Company d/b/a CommonPoint Mortgage
To open a mortgage lender and broker's office at 4319 Cox Road, Glen Allen, VA
BAN19970384 Fidelity Trust Mortgage Corporation
For a mortgage broker's license
BAN19970385 Fidelity First Lending, Inc.
For a mortgage lender's license
BAN19970386 Marathon Bank, The
To establish an EFT at 146 West Old Cross Road, New Market, VA
BAN19970387 Virginia Commerce Bank
To open a branch at 5140 Duke Street, Alexandria, VA
BAN19970388 Accubanc Mortgage Corporation
To open a mortgage lender and broker's office at 702 Russell Avenue, Suite 305, Gaithersburg, MD
BAN19970389 Accubanc Mortgage Corporation
To open a mortgage lender and broker's office at 365 Northridge Road, Suite 480, Atlanta, GA
BAN19970390 Accubanc Mortgage Corporation
To open a mortgage lender and broker's office at 2670 Crain Highway, Suite 411, Mailbox 30, Waldorf, MD
BAN19970391 Accubanc Mortgage Corporation
To open a mortgage lender and broker's office at 7833 Walker Drive, Suite 560, Greenbelt, MD
BAN19970392 Accubanc Mortgage Corporation
To open a mortgage lender and broker's office at 5 Hillcrest Drive, Suite B200, Frederick, MD
BAN19970393 Accubanc Mortgage Corporation
To open a mortgage lender and broker's office at 10415 Southern Maryland Boulevard, Dunkirk, MD
BAN19970394 Accubanc Mortgage Corporation
To open a mortgage lender and broker's office at 1012 State College Road, Suite 103, Dover, DE

BAN19970395 Accubanc Mortgage Corporation
To open a mortgage lender and broker's office at 6135 Park South Drive, Suite 106, Charlotte, NC
BAN19970396 Accubanc Mortgage Corporation
To open a mortgage lender and broker's office at 4825 Bethesda Avenue, Suite 306, Bethesda, MD
BAN19970397 Accubanc Mortgage Corporation
To open a mortgage lender and broker's office at 161-B Jennifer Road, Annapolis, MD
BAN19970398 Crestar Bank
To open a branch at 240 West Commonwealth Boulevard, Martinsville, VA
BAN19970399 City Mortgage Corporation
To relocate a mortgage broker's office from 201 North Fairfax Street, Suite 32, Alexandria, VA to 8418 Camden Street, Alexandria, VA
BAN19970400 Atlantic Mortgage Funding, Inc.
To relocate a mortgage broker's office from 14100 Parke Long Court, Suite H, Chantilly, VA to 14325 Willard Road, Suite 104, Chantilly, VA
BAN19970401 Harbor Financial Mortgage Corporation
To open a mortgage lender and broker's office at 6903 Rockledge Drive, Suite 1220, Bethesda, MD
BAN19970402 Mortgage Lenders Network USA, Inc.
To open a mortgage lender's office at 400 North Park Town Center, Suite 8251000 Albernathy, N.E., Atlanta, GA
BAN19970403 Sound Mortgage Corp.
For a mortgage broker's license
BAN19970404 Botetourt Bankshares, Inc.
To acquire Bank of Botetourt Buchanan, VA
BAN19970405 Harbor Financial Mortgage Corporation
To open a mortgage lender and broker's office at 11350 Random Hills Road, Suite 870, Fairfax, VA
BAN19970406 U.S.A. Financial Services, Inc.
To relocate a mortgage broker's office from 14100 Sullyfield Circle, Suite 200, Chantilly, VA to 14100 Sullyfield Circle, Suite 500, Chantilly, VA
BAN19970407 Liberty Mortgage Corporation
For a mortgage broker's license
BAN19970408 Roy D. Hansen Mortgage Company, Inc.
To relocate a mortgage broker's office from 119 North Henry Street, Alexandria, VA to 511 Twin Brook Lane, Stafford, VA
BAN19970409 Coastal Mortgage Corporation of Maryland
To relocate a mortgage lender broker's office from 3655 Old Court Road, Suite 24, Baltimore, MD to 3706 Crondall Lane, Suite 100, Owings Mills, MD
BAN19970410 Equity One Consumer Discount Company, Inc. d/b/a Equity One Consumer Loan
To relocate consumer finance office from 2129 South Loudoun Street, Winchester, VA to 45 Feather Bed Lane, Winchester, VA
BAN19970411 Equity One of Virginia, Inc.
To relocate a mortgage lender broker's office from 2129 S. Loudoun Street, Winchester, VA to 45 Featherbed Lane, Winchester, VA
BAN19970412 American Home Finance, Inc.
To open a mortgage lender and broker's office at 830 W. Northwest Highway, Palatine, IL
BAN19970413 Fauquier Bank, The
To establish an EFT at Main Street, The Plains, VA
BAN19970414 Metropolitan Mortgage Bankers, Inc.
For a mortgage broker's license
BAN19970415 Miles Group, Inc., The d/b/a Unicorn Financial Services
For a mortgage broker's license
BAN19970416 Aggressive Mortgage Corp.
For a mortgage broker's license
BAN19970417 Nova Mortgage Corporation
For a mortgage lender's license
BAN19970418 California Lending Group, Inc. d/b/a United Lending Group
For a mortgage lender's license
BAN19970419 United Bank
To merge into it Patriot National Bank
BAN19970420 United Bankshares, Inc.
To acquire Patriot National Bank
BAN19970420 United Bankshares, Inc.
To acquire First Patriot Bankshares Corporation Vienna, VA
BAN19970421 Crestar Bank
To establish an EFT at 550 East Marshall Street, Richmond, VA
BAN19970422 Branch Banking and Trust Company of Virginia
To relocate office from 552 South Battlefield Boulevard, Chesapeake, VA to 238 South Battlefield Boulevard, Chesapeake, VA
BAN19970423 F & M Bank - Winchester
To establish an EFT at 4780 Northwestern Pike, Winchester, VA
BAN19970424 Merion Group, L.C., The
To relocate a mortgage lender broker's office from 901 Mackall Avenue, McLean, VA to 928 Mackall Avenue, McLean, VA
BAN19970425 Accubanc Mortgage Corporation
To relocate a mortgage lender broker's office from 101 Gateway Centre Parkway, 6th Fl., Richmond, VA to 9211 Forest Hill Avenue, Suite 201, Richmond, VA
BAN19970426 North American Mortgage Company
To relocate a mortgage lender's office from 1945 Old Gallows Road, Suite 500, Vienna, VA to 1945 Old Gallows Road, Suite 200, Vienna, VA

BAN19970427 Dominion Mortgage Corporation
To open a mortgage broker's office at 397 Little Neck Road, 3400 Building, Suites 203 and 204, Virginia Beach, VA
BAN19970428 Chesapeake Bank
To establish an EFT at 6823 George Washington Memorial Highway, Gloucester, VA
BAN19970429 First Virginia Bank of Tidewater
To open a branch at 1200 North Main Street, Suffolk, VA
BAN19970430 Travelers Home Mortgage Services, Inc.
To relocate a mortgage lender broker's office from 300 St. Paul Place, Baltimore, MD to Commons Corporate Center, 7467 New Ridge Road, Suite 200, Hanover, MD
BAN19970431 Independent Community Bankshares, Inc.
To acquire The Tredegar Trust Company
BAN19970432 TTC Acquisition Subsidiary, Inc.
To open a subsidiary trust company at 901 East Byrd Street, Suite 190, Richmond, VA
BAN19970432 TTC Acquisition Subsidiary, Inc.
To open a subsidiary trust company at 901 East Byrd Street, Suite 190, Richmond, VA
BAN19970433 Branch Banking and Trust Company of Virginia
To open a branch at Commerce Plaza I, 2809 Emerywood Parkway, Suite 510, Henrico County, VA
BAN19970434 Litchfield Financial Corporation
For a mortgage lender's license
BAN19970435 Franklin American Mortgage Company
For a mortgage lender's license
BAN19970436 Georgia Mutual Mortgage Funding Corporation
For a mortgage lender's license
BAN19970437 Bowers, Nelms & Fonville, Inc.
To relocate a mortgage broker's office from 3307 Church Road, Suite 100, Richmond, VA to 3332 Pump Road, Richmond, VA
BAN19970438 F&M Bank-Northern Virginia
To establish an EFT at 202 Mill Street, Occoquan, VA
BAN19970439 Security Bank Corporation
To relocate office from 7813 Sudley Road, Prince William County, VA to 7801 Sudley Road, Prince William County, VA
BAN19970440 Dampier, Ronald L.
For a mortgage broker's license
BAN19970441 Stuart-Wright Mortgage, Inc.
For a mortgage lender's license
BAN19970442 Home Shark, Inc.
For a mortgage broker's license
BAN19970443 Backus, Karen L.
For a mortgage broker's license
BAN19970444 Mellon Bank, N.A.
To open a branch at 1430 Spring Hill Road, Suite 105, McLean, VA
BAN19970445 First Finance of Michigan, Inc.
For a mortgage lender's license
BAN19970446 Barsons Financial Services, Corp.
For a mortgage lender's license
BAN19970447 Beneficial Virginia, Inc.
To open a consumer finance office
BAN19970448 Beneficial Virginia Inc.
To conduct property insurance business where other business will also be conducted
BAN19970449 Beneficial Virginia Inc.
To conduct mortgage lending where other business will also be conducted
BAN19970450 Beneficial Virginia Inc.
To conduct mortgage brokering where other business will also be conducted
BAN19970451 Beneficial Virginia Inc.
To conduct open-end lending where other business will also be conducted
BAN19970452 Beneficial Virginia Inc.
To conduct sales finance business where other business will also be conducted
BAN19970453 Beneficial Mortgage Co. of Virginia
To open a mortgage lender and broker's office at 7492 Lee Davis Road, Mechanicsville, VA
BAN19970454 Beneficial Discount Co. of Virginia
To open a mortgage lender's office at 7492 Lee Davis Road, Mechanicsville, VA
BAN19970455 Federal Funding Mortgage Corporation
To relocate a mortgage lender broker's office from 2045 Valley Avenue, Suite D, Winchester, VA to 440 W. Jubal Early Dr., Suite 240, Winchester, VA
BAN19970456 Virginia Educators' Credit Union
To open a credit union service office at 50 Shoe Lane, Christopher Newport University-Ferguson Hall, Newport News, VA
BAN19970457 Bouri, Nalini
To acquire 100 percent of American Realty Mortgage, Inc.
BAN19970458 Crestar Bank
To establish an EFT at 2050 Wilson Boulevard, Arlington County, VA
BAN19970459 Crestar Bank
To establish an EFT at 12200 Tullamore Road, Lutherville, MD
BAN19970460 A. D. Bilich, Inc. d/b/a Preferred Financial
For a mortgage broker's license

BAN19970461 Marathon Bank, The
To establish an EFT at 851 John Marshall Highway, Front Royal, VA
BAN19970462 Marathon Bank, The
To establish an EFT at 1511 Martinsburg Pike, Frederick County, VA
BAN19970463 Marathon Bank, The
To establish an EFT at 2135 Reliance Road, Middletown, VA
BAN19970464 Centura Bank
To open a branch at 1900 Republic Road, Virginia Beach, VA
BAN19970465 Tidewater Acceptance Corporation
To open a consumer finance office
BAN19970466 Citizens Bank of Tazewell, Inc.
To open a branch at Chase Street and Alley 7, Clintwood, VA
BAN19970467 Citizens Bank of Tazewell, Inc.
To open a branch at Intersection of State Route 94 and U.S. Route 52, Max Meadows, VA
BAN19970468 Citizens Bank of Tazewell, Inc.
To open a branch at 8044 Main Street, Pound, VA
BAN19970469 Mellon Bank, N.A.
To open a branch at Messenger Service Branch, Fairfax County, VA
BAN19970470 Berkeley Financial Corporation
To relocate a mortgage broker's office from 8027 Leesburg Pike, Suite 415, Vienna, VA to 124-D East Broad Street, Falls Church, VA
BAN19970471 Apple Tree Mortgage, Inc.
To open a mortgage broker's office at 1315 Euclid Avenue, Suite 02-02A, Bristol, VA
BAN19970472 Intercoastal Mortgage Company
To relocate a mortgage lender broker's office from 22884 Cedar Green Road, Sterling, VA to 33 Industrial Park Drive, Waldorf, MD
BAN19970473 Mortgage Service of Virginia, Inc.
For a mortgage broker's license
BAN19970474 Premier Mortgage Corporation
To relocate a mortgage broker's office from 1825 I Street, N.W., Suite 400, Washington, DC to 1999 Avenue of the Stars, 28th Floor, Los Angeles, CA
BAN19970475 Monument Mortgage Corporation
To open a mortgage lender and broker's office at 12030 Sunrise Valley Drive, Suite 300, Reston, VA
BAN19970476 Fairbank Mortgage Bankers Corp.
To relocate a mortgage lender's office from 61 Mattatuck Heights Road, Waterbury, CT to 84 Progress Lane, Waterbury, CT
BAN19970477 Catholic Charities of Hampton Roads, Inc.
To open a debt counseling office
BAN19970478 Sidhu, Yuvraj S.
To acquire 100 percent of Global Mortgage Network, Inc.
BAN19970479 First Virginia Bank - Commonwealth
To open a branch at 12401 Jefferson Avenue, Newport News, VA
BAN19970480 Lancorp Financial Network, Inc.
To relocate a mortgage broker's office from 108 North 8th Street, Ocean City, MD to 10776 Gray's Corner Road, Suite 1, Berlin, MD
BAN19970481 AccuBanc Mortgage Corporation
To open a mortgage lender and broker's office at 1769 Jamestown Road, Williamsburg, VA
BAN19970482 F & M Bank-Peoples
To establish an EFT at 4215 Winchester Road, Marshall, VA
BAN19970483 Commercial Credit Loans, Inc.
To relocate consumer finance office from 415 Roanoke Street, Christiansburg, VA to 1580 N. Franklin Road, Suite 4, Christiansburg, VA
BAN19970484 Mortgage and Equity Funding Corporation
To open a mortgage lender's office(s)
BAN19970485 Independent Realty Capital Corporation
For a mortgage lender's license
BAN19970486 Benchmark Mortgage, Inc.
To relocate a mortgage broker's office from 9283 Old Keene Mill Road, Burke, VA to 6344 Tisbury Drive, Burke, VA
BAN19970487 Potomac Valley Bank
To open a branch at 19400 Leisure World Boulevard, Lansdowne, VA
BAN19970488 Chesapeake Bank
To establish an EFT at Zooms Convenience Store, Route 60/Bypass Road, York County, VA
BAN19970489 Advantage Mortgage Corporation, Inc.
For a mortgage broker's license
BAN19970490 Seacoast Equities, Inc.
For a mortgage lender's license
BAN19970491 Crestar Bank
To establish an EFT at 8054 Bayside Road, Chesapeake Beach, MD
BAN19970492 Crestar Bank
To establish an EFT at 520 Massie Road, Albemarle County, VA
BAN19970493 Crestar Bank
To establish an EFT at 7125 Booker T. Washington Highway, Wirtz, VA
BAN19970494 Chesapeake Bank
To open a branch at 1229 Lafayette Street, Williamsburg, VA
BAN19970495 Cornerstone Mortgage, Inc.
To open a mortgage broker's office at 14707 Hanna Court, Centreville, VA

BAN19970496 Apex Financial Group, Inc.
For a mortgage lender's license
BAN19970497 Crestar Bank
To open a branch at Wal-Mart at U.S. Route 29 and Woody's Lake Road, Madison Heights, VA
BAN19970498 Crestar Bank
To open a branch at 7430 Bell Creek Road, Mechanicsville, VA
BAN19970499 Crestar Bank
To open a branch at Hannaford Bros., 1601 Willow Lawn Drive, Henrico County, VA
BAN19970500 Mortgage Edge Corporation
To open a mortgage lender and broker's office at 12656-C Lakeridge Drive, Lakeridge, VA
BAN19970501 Crestar Bank
To establish an EFT at Fort Belvoir Shopette, 13th Street, Building 1155, Fort Belvoir, VA
BAN19970502 Fidelity Mortgage Funding, Inc. d/b/a US Direct Mortgage
For a mortgage lender's license
BAN19970503 Sutter Mortgage Corporation d/b/a Virtual Mortgage Transaction Network
For a mortgage lender's license
BAN19970504 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970505 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970506 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970507 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970508 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970509 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970510 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970511 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970512 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970513 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970514 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970515 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970516 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970517 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970518 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970519 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970520 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970521 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970522 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970523 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970524 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970525 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970526 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970527 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970528 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970529 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970530 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970531 Commercial Credit Loans, Inc.
To open a consumer finance office

BAN19970532 Commercial Credit Loans, Inc.
To open a consumer finance office
BAN19970533 Commercial Credit Loans, Inc.
To conduct property insurance business where other business will also be conducted
BAN19970534 Commercial Credit Loans, Inc.
To conduct non-filing insurance business where other business will also be conducted
BAN19970535 Commercial Credit Loans, Inc.
To conduct title insurance business where other business will also be conducted
BAN19970536 Commercial Credit Loans, Inc.
To conduct sales finance business where other business will also be conducted
BAN19970537 Commercial Credit Loans, Inc.
To conduct mortgage lending where other business will also be conducted
BAN19970538 Commercial Credit Corporation
To open a mortgage lender's office at 203 West Main Street, Abingdon, VA
BAN19970539 Commercial Credit Loans, Inc.
To conduct open-end lending where other business will also be conducted
BAN19970540 Commercial Credit Corporation
To open a mortgage lender's office at 300 Preston Avenue, Suite 100, Charlottesville, VA
BAN19970541 Commercial Credit Corporation
To open a mortgage lender's office at 1412 Greenbrier Parkway, Suite 137, Chesapeake, VA
BAN19970542 Commercial Credit Corporation
To open a mortgage lender's office at 2045 North Franklin Street, Suite C, Christiansburg, VA
BAN19970543 Commercial Credit Corporation
To open a mortgage lender's office at 536 Southpark Boulevard, Colonial Heights, VA
BAN19970544 Commercial Credit Corporation
To open a mortgage lender's office at 2420 Riverside Drive, Danville, VA
BAN19970545 Commercial Credit Corporation
To open a mortgage lender's office at 107 North Main Street, Farmville, VA
BAN19970546 Commercial Credit Corporation
To open a mortgage lender's office at 1911 Plank Road, Fredericksburg, VA
BAN19970547 Commercial Credit Corporation
To open a mortgage lender's office at 544-A East Stuart Drive, Galax, VA
BAN19970548 Commercial Credit Corporation
To open a mortgage lender's office at 2101 Executive Drive, Tower Box 131st Floor, Hampton, VA
BAN19970549 Commercial Credit Corporation
To open a mortgage lender's office at 2035-63 East Market Street, Harrisonburg, VA
BAN19970550 Commercial Credit Corporation
To open a mortgage lender's office at 24-D Plaza Street, N.E., Leesburg, VA
BAN19970551 Commercial Credit Corporation
To open a mortgage lender's office at 3700 Candler's Mountain Road, Suite 540, Lynchburg, VA
BAN19970552 Commercial Credit Corporation
To open a mortgage lender's office at 7896 Donnegan Drive, Suite 100, Manassas, VA
BAN19970553 Commercial Credit Corporation
To open a mortgage lender's office at 108 East Main Street, Martinsville, VA
BAN19970554 Commercial Credit Corporation
To open a mortgage lender's office at 7445 Lee Davis Road, Mechanicsville, VA
BAN19970555 Commercial Credit Corporation
To open a mortgage lender's office at 550-C Oyster Point Road, Newport News, VA
BAN19970556 Commercial Credit Corporation
To open a mortgage lender's office at 415-12 North Military Highway, Norfolk, VA
BAN19970557 Commercial Credit Corporation
To open a mortgage lender's office at 7801 West Broad Street, Richmond, VA
BAN19970558 Commercial Credit Corporation
To open a mortgage lender's office at 9101 Midlothian Turnpike, Suite 625, Richmond, VA
BAN19970559 Commercial Credit Corporation
To open a mortgage lender's office at 2362-A Peters Creek Road, Roanoke, VA
BAN19970560 Commercial Credit Corporation
To open a mortgage lender's office at 5501 Backlick Road, Suite 120, Springfield, VA
BAN19970561 Commercial Credit Corporation
To open a mortgage lender's office at 108 Statler Square, Staunton, VA
BAN19970562 Commercial Credit Corporation
To open a mortgage lender's office at 1447-49 North Main Street, Suffolk, VA
BAN19970563 Commercial Credit Corporation
To open a mortgage lender's office at 3101 Virginia Beach Boulevard, Virginia Beach, VA
BAN19970564 Commercial Credit Corporation
To open a mortgage lender's office at 122-J Waller Mill Road, Williamsburg, VA
BAN19970565 Commercial Credit Corporation
To open a mortgage lender's office at 2035 South Pleasant Valley Road, Winchester, VA
BAN19970566 Commercial Credit Corporation
To open a mortgage lender's office at 13265 Worth Avenue, Woodbridge, VA
BAN19970567 Commercial Credit Corporation
To open a mortgage lender's office at 800 East Main Street, Suite 240, Wytheville, VA

BAN19970568 Lewis, Jr. Arthur Thomas
To relocate a mortgage broker's office from 6001 Lakeside Avenue, Richmond, VA to 3131 Newington Court, Richmond, VA
BAN19970569 IMC Mortgage Company
To relocate a mortgage lender's office from 132 Central Street, Foxboro, MA to 505 Swansea Mall Drive, Swansea, MA
BAN19970570 IMC Mortgage Company
To relocate a mortgage lender's office from 3450 Buschwood Park Drive, Suite 250, Tampa, FL to 5901 East Fowler Avenue, Tampa, FL
BAN19970571 United Mortgagee, Incorporated
To relocate a mortgage lender broker's office from 3500 Virginia Beach Boulevard, Virginia Beach, VA to 2620 Southern Boulevard, Virginia Beach, VA
BAN19970572 First Southern Mortgage Loan Company, Inc.
For a mortgage broker's license
BAN19970573 Valley Acceptance Corporation
To relocate a mortgage broker's office from 3200 Northline Avenue, Suite 629-B, Greensboro, NC to 600 Green Valley Road, Suite 305, Greensboro, NC
BAN19970574 Modern Mortgage, Incorporated
To relocate a mortgage broker's office from 2970 Chain Bridge Road, Oakton, VA to 9102 Silver Pointe Way, Fairfax Station, VA
BAN19970575 First American National Bank
To open a branch at 968 West Main Street, Abingdon, VA
BAN19970576 First American National Bank
To open a branch at 707 Gate City Highway, Bristol, VA
BAN19970577 First Greensboro Home Equity, Inc.
To open a mortgage lender and broker's office at LaCrosse Commerce Center, 100 N. Carter Street, Suite 6, LaCrosse, VA
BAN19970578 Old Stone Funding Group, Inc.
For a mortgage broker's license
BAN19970579 Bank of Floyd, The
To open a branch at 185 South Main Street, Hillsville, VA
BAN19970580 Virginia Commerce Bank
To open a branch at 4230 John Marr Drive, Annandale, VA
BAN19970581 GMAC Mortgage Corporation
To open a mortgage lender and broker's office at Century Corporate Center, 100 Century Parkway, Mt. Laurel, NJ
BAN19970582 Industry Mortgage Company, L. P.
To relocate a mortgage lender's office from 3450 Buschwood Park Drive, Suite 250, Tampa, FL to 5901 East Fowler Avenue, Tampa, FL
BAN19970583 Intersouth Mortgage, Inc.
For a mortgage broker's license
BAN19970584 Preferred Credit Corporation
For a mortgage lender's license
BAN19970585 American General Finance, Inc.
To relocate a mortgage lender's office from 415 Virginia Ave., Clarksville, VA to 11224 Highway 15, Clarksville, VA
BAN19970586 American General Finance of America, Inc.
To relocate consumer finance office from 415 Virginia Avenue, Clarksville, VA to 11224 Highway 15, Clarksville, VA
BAN19970588 Gulfstream Financial Services of N.C., Inc.
For a mortgage lender's license
BAN19970589 Mortgage and Equity Funding Corporation
To relocate a mortgage lender broker's office from 102 N. Main Street, #22, Culpeper, VA to 102 N. Main Street, #22, Culpeper, VA
BAN19970590 CBSK Financial Group, Inc. d/b/a American Home Loans
To open a mortgage lender and broker's office at 4115 Annandale Road, Suite, 102, Annandale, VA
BAN19970591 Phung, Quan N. d/b/a Quan N. Phung & Associates
To relocate a mortgage broker's office from 3115 Sleepy Hollow Road, Falls Church, VA to 6521 Arlington Boulevard, Suite 506, Falls Church, VA
BAN19970592 First Republic Mortgage Corporation d/b/a US Capital Funding
To open a mortgage lender and broker's office at 455 East Gude, Suite 84, Rockville, MD
BAN19970593 Amerigroup Mortgage Corporation (Used in VA by: Mortgage Investors Corporation)
For a mortgage lender's license
BAN19970594 American Mortgage Reduction, Inc. d/b/a All Credit Funding
For a mortgage lender's license
BAN19970595 Nationscredit Financial Services Corporation of Virginia
To relocate consumer finance office from Norfolk Commerce Center 1, Norfolk, VA to 1213 N. Military Highway, Norfolk, VA
BAN19970596 National Home Loan Corporation
To relocate a mortgage lender's office from 3696 N. Federal Highway, Suite 101, Fort Lauderdale, FL to 100 N. Federal Highway, Deerfield Beach, FL
BAN19970597 Consumers Mortgage Corporation
To relocate a mortgage broker's office from 11222 Fox Meadow Drive, Richmond, VA to 154 Wind Chime Court, Raleigh, NC
BAN19970598 American Federal Mortgage Corporation
To open a mortgage broker's office at 110 South Commerce Street, Culpeper, VA
BAN19970599 National Consumer Services Corp., L.L.C.
To relocate a mortgage lender broker's office from 16 Perimeter Center East, Atlanta, GA to 5335 Triangle Parkway, Suite 400, Norcross, GA
BAN19970600 Paul Silverstein Associates Co. t/a Monumental Mortgage Company
To relocate a mortgage broker's office from 5310 Markel Road, Richmond, VA to 508 North Meadow Street, Richmond, VA
BAN19970601 Bongiorno, Paul G.
To acquire 100 percent of RBO Funding, Inc.

BAN19970602 1st American Financial Services, Inc.
To relocate a mortgage lender broker's office from 4700 Berwyn House Road, Suite 209 A, College Park, MD to 7474 Greenway Center Drive, Greenbelt, MD
BAN19970603 CreditSource USA, Incorporated
For a mortgage broker's license
BAN19970604 First Savings Mortgage Corporation d/b/a Portfolio Funding Group
To relocate a mortgage lender broker's office from 1945 Old Gallows Road, Suite 305, Vienna, VA to 1950 Old Gallows Road, Eighth Floor, Vienna, VA
BAN19970605 First Savings Mortgage Corporation d/b/a Portfolio Funding Group
To relocate a mortgage lender broker's office from 1419 Forest Drive, Suite 208, Annapolis, MD to 49 Old Solomon's Island Road, Suite 300, Annapolis, MD
BAN19970606 F&M Bank-Northern Virginia
To open a branch at 3829 South George Mason Drive, Fairfax County, VA
BAN19970607 F&M Bank-Northern Virginia
To open a branch at 8432 Old Keene Mill Road, Springfield, VA
BAN19970608 Barsons Financial Services Corporation
For a mortgage lender's license
BAN19970609 Emergent Mortgage Corp.
To open a mortgage lender's office at 123 Grace Drive, Greenville, SC
BAN19970610 Emergent Mortgage Corp.
To open a mortgage lender's office at 2901 North Central Avenue, 11th Floor, Phoenix, AZ
BAN19970611 Citizens Mortgage Corporation
To relocate a mortgage lender broker's office from 11820 Parklawn Drive, Suite 402, Rockville, MD to 6 Taft Court, Suite 100, Rockville, MD
BAN19970612 Saxon Mortgage, Inc.
To open a mortgage lender's office at One Ridgmar Centre, 6500 West Freeway, Suite 400, Fort Worth, TX
BAN19970613 Fairfax Mortgage Investments, Inc.
To open a mortgage lender and broker's office at 2 Countryside Square, Ruckersville, VA
BAN19970614 Resource Bank
To merge into it Eastern American Bank FSB
BAN19970615 Mortgage Vault, Inc., The
For a mortgage broker's license
BAN19970616 Vision Mortgage, Inc.
For a mortgage broker's license
BAN19970617 Mortgage South, Inc.
To open a mortgage lender and broker's office at Route 5, Box 4335, Palmyra, VA
BAN19970618 Monroe Mortgage, Inc.
To relocate a mortgage broker's office from 912 South Lynnhaven Road, Virginia Beach, VA to 770 Lynnhaven Parkway, Suite 122, Virginia Beach, VA
BAN19970619 United Companies Lending Corporation t/a UC Lending
To open a mortgage lender's office at 60 Germantown Court, Cordova, TN
BAN19970620 Springfield Mortgage Corporation
For a mortgage broker's license
BAN19970621 F&M Bank-Northern Virginia
To open a branch at 200 North Washington Street, Alexandria, VA
BAN19970622 Virginia Power/North Carolina Power Credit Union
To open a credit union service office at 2400 Grayland Avenue, Richmond, VA
BAN19970623 Money America, Inc.
For a mortgage lender's license
BAN19970624 Family Services of Tidewater, Inc. d/b/a Consumer Credit Counseling Service of Tidewater
To open an additional debt counseling office at 1316 N. Battlefield Boulevard, Suite 3A, Chesapeake, VA
BAN19970625 Williamson & Schultz, L.L.C. d/b/a Skyline Mortgage Group
To relocate a mortgage lender broker's office from 8201 Greensboro Drive, Suite 1000, McLean, VA to 8133 Leesburg Pike, Suite 620, Vienna, VA
BAN19970626 Accredited Home Lenders, Inc.
For a mortgage lender's license
BAN19970627 Express Mortgage, Inc.
To open a mortgage broker's office at 104 Jesse Street, Yorktown, VA
BAN19970628 Ivy Mortgage Corp.
To relocate a mortgage lender broker's office from 5-12 Homestead Road, Belle Mead, NJ to 1250 Route 28, Somerville, NJ
BAN19970629 Olde South Mortgage Corporation
For a mortgage broker's license
BAN19970630 Champion Mortgage Corp.
To open a mortgage lender and broker's office at 6440 Brandon Avenue, Springfield, VA
BAN19970631 Champion Mortgage Corp.
To open a mortgage lender and broker's office at 10400 Connecticut Avenue, Kensington, MD
BAN19970632 Champion Mortgage Corp.
To open a mortgage lender and broker's office at Belvedere Square, 5911 York Road, Baltimore, MD
BAN19970633 Bond Corporation
To open a mortgage lender's license
BAN19970634 F & M Bank - Winchester
To open a branch at 8 W. Market Street, Leesburg, VA

BAN19970635 Firstplus Financial, Inc. d/b/a Firstplus Direct
To relocate a mortgage lender's office from 7400 Beaufont Springs Dr., Suite 309, Richmond, VA to 2800 N. Parham Road, Suite 200, Richmond, VA
BAN19970636 CMK Corporation t/a Mortgage Capital Investors
To relocate a mortgage lender broker's office from 55 West Queenway, Suite 202, Hampton, VA to 14 B. West Queens Way, Hampton, VA
BAN19970637 Columbia National, Incorporated
To relocate a mortgage lender broker's office from 1901 Research Blvd., Suite 210, Rockville, MD to 7920 Norfolk Avenue, 5th Floor, Bethesda, MD
BAN19970638 Universal American Mortgage Company
To relocate a mortgage lender's office from 403 Headquarters Drive, Suite 1, Millersville, MD to 730 N.W. 107th Avenue, Suite 410, Miami, FL
BAN19970639 AccuBanc Mortgage Corporation
To open a mortgage lender and broker's office at 7125 Thomas Edison Drive, Columbia, MD
BAN19970640 United Companies Lending Corporation t/a UC Lending
To open a mortgage lender's office at 11832 Rock Landing Drive, Suite 207, Newport News, VA
BAN19970641 Catholic Charities of Hampton Roads, Inc.
To open an additional debt counseling office at 12829 Jefferson Avenue, Suite 101, Newport New, VA
BAN19970642 Vista Capital Funding, Incorporated
For a mortgage broker's license
BAN19970643 Union Funding Corporation (Used in VA by: Union Financial Corporation)
For a mortgage lender's license
BAN19970644 UMG Funding Group, Inc.
For a mortgage lender's license
BAN19970645 Crestar Bank
To establish an EFT at 3504 Electric Road, S. W., Roanoke County, VA
BAN19970646 Aegis Mortgage Corporation
To open a mortgage lender's office at 8300 Boone Boulevard, Suite 500, Vienna, VA
BAN19970647 Centex Credit Corporation d/b/a Centex Home Equity Corporation
To open a mortgage lender's office at 2801 Yorkmont Road, Suite 310, Charlotte, NC
BAN19970648 JVS Financial Group, Inc.
For a mortgage lender's license
BAN19970649 Providence One, Inc.
To open a mortgage lender's office(s)
BAN19970650 Capital Mortgage Finance Corp.
For a mortgage broker's license
BAN19970651 First Virginia Bank - Southwest
To merge into it Premier Bank-South, N.A.
BAN19970652 First Community Finance, Inc.
To open a consumer finance office
BAN19970653 First Community Finance, Inc.
To conduct sales finance business where other business will also be conducted
BAN19970654 Buckingham Mortgage Corporation
To relocate a mortgage broker's office from 30 W. Gude Drive, Suite 470, Rockville, MD to 15245 Shady Grove Road, Suite 390, Rockville, MD
BAN19970655 Innovative Mortgage Corporation
To relocate a mortgage broker's office from 8003 Franklin Farms Drive, Ste. 115, Richmond, VA to 8003 Franklin Farms Drive, Ste. 233, Richmond, VA
BAN19970656 Carteret Mortgage Corporation
To open a mortgage broker's office at 2131 Raven Tower Court, Suite 305, Herndon, VA
BAN19970657 Carteret Mortgage Corporation
To relocate a mortgage broker's office from 4812 S. 29th Street, Arlington, VA to 4878 S. 10th Street, Arlington, VA
BAN19970658 Carteret Mortgage Corporation
To open a mortgage broker's office at 4312-A Evergreen Lane, Annandale, VA
BAN19970659 Consolidated Mortgage and Financial Services Corporation d/b/a Mr. Cash
To open a mortgage lender and broker's office at 10340 Democracy Lane, Suite 210, Fairfax, VA
BAN19970660 Investors Mortgage Corporation
To open a mortgage lender's office(s)
BAN19970661 One Valley Bank, N.A.
To open a branch at 2015 Wards Road, Lynchburg, VA
BAN19970662 Equity Source, Inc., The
For a mortgage broker's license
BAN19970663 Beneficial Mortgage Co. of Virginia
To open a mortgage lender and broker's office at 613 Meadowbrook Shopping Center, Culpeper, VA
BAN19970664 Beneficial Discount Co. of Virginia
To open a mortgage lender's office at 613 Meadowbrook Shopping Center, Culpeper, VA
BAN19970665 Beneficial Virginia, Inc.
To open a consumer finance office
BAN19970666 Beneficial Virginia, Inc.
To conduct open-end lending where other business will also be conducted
BAN19970667 Beneficial Virginia, Inc.
To conduct sales finance business where other business will also be conducted

BAN19970668 Beneficial Virginia, Inc.
To conduct property insurance business where other business will also be conducted
BAN19970669 Beneficial Virginia, Inc.
To conduct mortgage brokering where other business will also be conducted
BAN19970670 Beneficial Discount Co. of Virginia
To open a mortgage lender's office at 6097 George Washington Memorial Highway, Gloucester, VA
BAN19970671 Beneficial Mortgage Co. of Virginia
To open a mortgage lender and broker's office at 6097 George Washington Memorial, Highway, Gloucester, VA
BAN19970672 Beneficial Virginia, Inc.
To open a consumer finance office
BAN19970673 Beneficial Virginia, Inc.
To conduct open-end lending where other business will also be conducted
BAN19970674 Beneficial Virginia, Inc.
To conduct sales finance business where other business will also be conducted
BAN19970675 Beneficial Virginia, Inc.
To conduct property insurance business where other business will also be conducted
BAN19970676 Beneficial Virginia, Inc.
To conduct mortgage brokering where other business will also be conducted
BAN19970677 AVCO Mortgage and Acceptance, Inc.
To open a mortgage lender's office at 1938 William Street, Fredericksburg, VA
BAN19970678 AVCO Financial Services of Madison Heights, Inc.
To open a consumer finance office
BAN19970679 AVCO Financial Services of Madison Heights, Inc.
To conduct mortgage lending where other business will also be conducted
BAN19970680 AVCO Financial Services of Madison Heights, Inc.
To conduct sales finance business where other business will also be conducted
BAN19970681 IMC Mortgage Company
To relocate a mortgage lender's office from 501 Office Center Drive, Suite 450, Ft. Washington, PA to Maplewood Office Park, 1301 Virginia Drive, Suite 110, Ft. Washington, PA
BAN19970682 STD Financial Corp.
For a mortgage lender's license
BAN19970683 Broadway Mortgage Company
For a mortgage lender's license
BAN19970684 United Companies Lending Corporation t/a UC Lending
To open a mortgage lender's office at 7310 Ritchie Highway, Suite 715, Glen Burnie, MD
BAN19970685 Cochran, Gary T.
To relocate a mortgage broker's office from Rt. 1, RR 634, Hardy, VA to 200 Afton Meadow Drive, Vinton, VA
BAN19970686 Real Developments, Inc.
For a mortgage broker's license
BAN19970687 Elder Mortgage, Inc.
To relocate a mortgage broker's office from 11526 Clara Barton Drive, Fairfax Station, VA to 8302 Professional Hill Drive, Fairfax, VA
BAN19970688 McDaniel, Paul Keith t/a Diversified Mortgage Brokers
To relocate a mortgage broker's office from 6141 Airport Road, Roanoke, VA to 5933 Williamson Road, Roanoke, VA
BAN19970689 Dooley, Mary P. t/a MPD Mortgage Company
To relocate a mortgage broker's office from 341 Plybon Circle, Wirtz, VA to 3404 Sunchase Court, Suite 121, Roanoke, VA
BAN19970690 Brown, David Arrington
For a mortgage broker's license
BAN19970691 Altus Mortgage Corporation
For a mortgage broker's license
BAN19970692 Empire Mortgage IX, Inc.
For a mortgage lender's license
BAN19970693 Hua, Fong Rowland d/b/a Excel Mortgage & Investment Services (EMIS)
For a mortgage broker's license
BAN19970694 Century National Bank
To open a branch at 6832 Old Dominion Drive, McLean, VA
BAN19970695 Countrywide Home Loans, Inc. d/b/a America's Wholesale Lender
To open a mortgage lender's office at 5690 DTC Boulevard, Suite 325, Englewood, CO
BAN19970696 Mortgage South, Inc.
To relocate a mortgage lender broker's office from 155 Riverbend Drive, Charlottesville, VA to 103 South Pantops Drive, Suite 201, Charlottesville, VA
BAN19970697 Nationwide Mortgage Corporation
To relocate a mortgage broker's office from 7700 Little River Trpk., Suite 301, Annandale, VA to 4312-D Evergreen Lane, Annandale, VA
BAN19970698 LL Funding Corp. d/b/a Liberty Lending Corporation
For a mortgage lender's license
BAN19970699 CUC International, Inc.
To acquire 100 percent of PHH Mortgage Services Corporation
BAN19970700 AMRESCO Residential Mortgage Corporation
To relocate a mortgage lender's office from 4176 S. Plaza Trail, Suite 128, Virginia Beach, VA to 184 Business Park Drive, Suite 203, Virginia Beach, VA
BAN19970701 First Republic Mortgage Corporation d/b/a US Capital Funding
To open a mortgage lender and broker's office at 9210 Corporate Boulevard, Suite 410, Rockville, MD

BAN19970702 American Mortgage Consultants, Inc. d/b/a AMCI
To relocate a mortgage broker's office from 2635-A Colonial Avenue, Roanoke, VA to 1502 Franklin Road, Suite 204, Roanoke, VA
BAN19970703 Matewan National Bank, The
To open a branch at 396 Town Centre Drive, Town Centre Shopping Center, Abingdon, VA
BAN19970704 Matewan National Bank, The
To open a branch at 201 Suffolk Avenue, Richlands, VA
BAN19970705 Matewan National Bank, The
To open a branch at Route 83, VanSant, VA
BAN19970706 Matewan National Bank, The
To open a branch at Fincastle and State Route 61, Tazewell County, VA
BAN19970707 Matewan National Bank, The
To open a branch at Virginia Hwy. 694 and Pittston Ave., Lebanon, VA
BAN19970708 U.S. Mortgage Capital, Inc.
For a mortgage lender's license
BAN19970709 HomeAmerican Credit, Inc. d/b/a Upland Mortgage
To open a mortgage lender's office at Birdneck Executive Center, 1206 Laskin Road, Suite 201, Virginia Beach, VA
BAN19970710 Integrity Mortgage and Finance, Inc.
To relocate a mortgage broker's office from 7564 Standish Place, Suite 123, Rockville, MD to 11290 Woodhaven Drive, Ijamsville, MD
BAN19970711 First American Funding, Inc.
To relocate a mortgage lender broker's office from 7500 Greenway Center Drive, Greenbelt, MD to 3905 National Drive, Suite 275, Burtonsville, MD
BAN19970712 Bombardier Capital, Inc.
For a mortgage lender's license
BAN19970713 CommonPoint Mortgage Company d/b/a CommonPoint Mortgage
To relocate a mortgage lender broker's office from 4319 Cox Road, Glen Allen, VA to West Shore III, 301 Concourse Boulevard, Suite 100, Glen Allen, VA
BAN19970714 BB&T Corporation
To acquire Virginia First Financial Corporation
BAN19970715 Rouillard, Kimberlie d/b/a The Kimberlie Financial Group
For a mortgage broker's license
BAN19970716 Kenwood Associates, Inc.
To open a mortgage lender and broker's office at 7100 Baltimore Avenue, Suite 205, College Park, MD
BAN19970717 First Greensboro Home Equity, Inc.
To open a mortgage lender and broker's office at 100 Arbor Drive, Christiansburg, VA
BAN19970718 Commonwealth Catholic Charities
To open a debt counseling office
BAN19970719 Congressional Funding, Inc.
To open a mortgage broker's office at 403 Glenn Drive, Sterling, VA
BAN19970720 Congressional Funding, Inc.
To open a mortgage lender's office(s)
BAN19970721 Americare Mortgage Corporation
For a mortgage broker's license
BAN19970722 1st Dependable Mortgage Company
For a mortgage broker's license
BAN19970723 Abigail Adams National Bancorp, Inc.
To acquire Ballston Bancorp Inc., Washington, DC and The Bank of Northern Virginia, Arlington County , VA
BAN19970724 GMAC Mortgage Corporation
To relocate a mortgage lender broker's office from 521 Fellowship Road, Suite 150, Mt. Laurel, NJ to Five Greentree Centre, Marlton, NJ
BAN19970725 Tidewater Acceptance Corporation
To conduct floor plan lending where other business will also be conducted
BAN19970726 Security First Funding Corporation (Used in VA by: Security First Funding)
To open a mortgage broker's office at 184 Business Park Drive, Suite 209, Virginia Beach, VA
BAN19970727 First-Citizens Bank & Trust Company
To open a branch at Southwest corner of the intersection of U.S. Route 29 and Dominion Drive, Albemarle County, VA
BAN19970728 First Union National Bank of North Carolina
To merge into it Signet Bank
BAN19970729 First Midland Mortgage Company, L.L.C.
To relocate a mortgage broker's office from 957 Chandler Court, Waldorf, MD to 8909 Ewing Drive, Bethesda, MD
BAN19970730 ContiMortgage Corporation
To acquire 100 percent of Fidelity Mortgage Decisions Corporation
BAN19970731 Marine BanCorp, Inc., The
To acquire The Marine Bank, Chincoteague, VA
BAN19970732 Wilmink, Mary M.
For a mortgage broker's license
BAN19970733 Crestar Financial Corporation
To acquire American National Savings Bank, F.S.B.
BAN19970734 Crestar Bank
To merge into it American National Savings Bank, F.S.B.
BAN19970735 Rosenbloom, Mark
To acquire 100 percent of FHB Funding Corp.
BAN19970736 Saxon Mortgage, Inc.
To open a mortgage lender's office at 3602 Deepwater Terminal Road, Richmond, VA

BAN19970737 RBO Funding, Inc.
To open a mortgage lender and broker's office at 1510 Spring Hill Road, McLean, VA
BAN19970738 Money Tree Funding, L.L.C.
For a mortgage lender's license
BAN19970739 Washington Mortgage Services, Inc.
For a mortgage lender's license
BAN19970740 Residential Mortgage Funding Corporation (Used in VA by: Residential Mortgage Corporation)
To relocate a mortgage broker's office from 10125 Prince Place, Suite 201, Upper Marlboro, MD to 1450 Mercantile Lane, Suite 249, Largo, MD
BAN19970741 Mortgage Lenders Association, Inc.
To open a mortgage lender's office at 448 S. Independence Boulevard #D-021, Virginia Beach, VA
BAN19970742 Kenwood Associates, Inc.
To open a mortgage lender and broker's office at 230 Merrimac Court, Prince Frederick, MD
BAN19970743 Green Tree Financial Servicing Corporation
To open a mortgage lender's office at 1400 Turbine Drive, Rapid City, SD
BAN19970744 Equity One of Virginia, Inc.
To relocate a mortgage lender broker's office from 4351 Starkey Rd., Roanoke, VA to 4345 Starkey Rd., Roanoke, VA
BAN19970745 Capital Center, L.L.C.
For a mortgage lender's license
BAN19970746 Equity One Consumer Discount Company, Inc. d/b/a Equity One Consumer Loan
To relocate consumer finance office from 4351 Starkey Road, Roanoke, VA to 4345 Starkey Road, Roanoke, VA
BAN19970747 E. M. Willis Mortgage Corporation
To relocate a mortgage broker's office from 4550 Montgomery Avenue, Suite 436, Bethesda, MD to 4550 Montgomery Avenue, Suite 220N, Bethesda, MD
BAN19970748 Dominion First, Inc.
For a mortgage broker's license
BAN19970749 Tidewater Acceptance Corporation
To conduct sales finance business where other business will also be conducted
BAN19970750 American General Finance of America, Inc.
To relocate consumer finance office from 328 West Main Street, Covington, VA to 369 West Main Street, Covington, VA
BAN19970751 American General Finance, Inc.
To relocate a mortgage lender's office from 328 West Main Street, Covington, VA to 369 West Main Street, Covington, VA
BAN19970752 Donald Henig, Inc. d/b/a Island Mortgage Network
For a mortgage lender's license
BAN19970753 First Union Corporation
To acquire Signet Banking Corporation Richmond, VA and Signet Bank
BAN19970754 Kim, Joo Dong d/b/a Dime Mortgage Service
To relocate a mortgage broker's office from 50 S Pickett Street, Suite 106, Alexandria, VA to 6601 Little River Turnpike, Suite 140, Alexandria, VA
BAN19970755 Triangle Funding Corporation
To relocate a mortgage broker's office from 1316 Vincent Place, McLean, VA to 405 Glenn Drive, Suite 1005-C, Sterling, VA
BAN19970756 Second Bank & Trust
To open a branch at 1920 Medical Avenue, Harrisonburg, VA
BAN19970757 1st Innovative Mortgage Corporation
To open a mortgage broker's office at 5603 Iona Way, Alexandria, VA
BAN19970758 1st Innovative Mortgage Corporation
To relocate a mortgage broker's office from 4306 Evergreen Lane, Suite 204, Annandale, VA to 3311 Rollingwood Drive, Woodbridge, VA
BAN19970759 Wachovia Corporation
To acquire Jefferson National Bank Charlottesville, VA
BAN19970759 Wachovia Corporation
To acquire Jefferson Bankshares, Inc. Charlottesville, VA
BAN19970760 Crestar Bank
To relocate office from Pleasant Valley Marketplace Shopping Center, Winchester, VA to 1950 S. Pleasant Valley Road, Winchester, VA
BAN19970761 GMAC Mortgage Corporation
To relocate a mortgage lender broker's office from 1301 Virginia Drive, Fort Washington, PA to Lakeside Plaza II, Lakeside Plaza Dr., Horsham, PA
BAN19970762 Atlantic Bay Mortgage Group, L.L.C.
To open a mortgage broker's office at 3959 Electric Road, SW, Roanoke, VA
BAN19970763 Southside Bank
To open a branch at northwest corner of the intersection of U.S. Route 17 and Golf Club Road, Gloucester County, VA
BAN19970764 Gourley & Harwood, L.C.
To open a mortgage lender and broker's office at 5262 Dawes Avenue, Alexandria, VA
BAN19970765 Community Mortgage & Investment Corp.
For a mortgage broker's license
BAN19970766 Sebring Capital Corporation
For a mortgage lender's license
BAN19970767 GMAC Mortgage Corporation
To relocate a mortgage lender broker's office from 8614 Westwood Center Drive, Vienna, VA to 10680 Main Street, Fairfax, VA
BAN19970768 Emergent Mortgage Corp.
To open a mortgage lender's office at 16055 Space Center Blvd., Suite 600, Houston, TX

BAN19970769 United Southern Mortgage Corporation of Roanoke, Inc.
To open a mortgage lender and broker's office at 9328 Talisman Drive, Vienna, VA
BAN19970770 United Southern Mortgage Corporation of Roanoke, Inc.
To relocate a mortgage lender broker's office from 230 West Main Street, Wakefield, VA to 517 North County Drive, Wakefield, VA
BAN19970771 United Southern Mortgage Corporation of Roanoke, Inc.
To open a mortgage lender and broker's office at 538 West Freemason Street, Norfolk, VA
BAN19970772 Capitol Mortgage Bankers, Inc.
To relocate a mortgage lender broker's office from 8260 Greensboro Drive, Suite 120, McLean, VA to 1900 Campus Common Drive, Suite 400, Reston, VA
BAN19970773 Design Mortgage Services, Inc.
To relocate a mortgage broker's office from 26 West Main Street, Christiansburg, VA to 415 Pine Hollow Road, Christiansburg, VA
BAN19970774 First Home Mortgage Corporation
To open a mortgage lender and broker's office at 7939 Honeygo Blvd., Suites 221 and 222, Baltimore, MD
BAN19970775 Regional Acceptance Corporation
To open a consumer finance office
BAN19970776 Regional Acceptance Corporation
To open a consumer finance office
BAN19970777 Regional Acceptance Corporation
To open a consumer finance office
BAN19970778 Regional Acceptance Corporation
To open a consumer finance office
BAN19970779 Regional Acceptance Corporation
To conduct sales finance business where other business will also be conducted
BAN19970780 Fried, Bernard Mark and Barbara June
To acquire 40 percent of First Savings Bank of Virginia
BAN19970781 Union Bank and Trust Company
To relocate office from 10374 Leadbetter Road, Ashland, VA to 10469 Atlee Station Road, Ashland, VA
BAN19970782 F&M Bank-Northern Virginia
To relocate office from 14006 Lee-Jackson Highway, Chantilly, VA to 13821 Lee-Jackson Highway, Chantilly, VA
BAN19970783 Peninsula Trust Bank, Incorporated
To relocate office from 832 Newport Square Shopping Center, Newport News, VA to 737 J. Clyde Morris Boulevard, Newport News, VA
BAN19970784 Old Town Financial Corp.
For a mortgage broker's license
BAN19970785 Newport News Shipbuilding Employees' Credit Union, Inc.
To merge into it Chessie-Newport News Credit Union, Newport News, VA
BAN19970786 ContiMortgage Corporation
To open a mortgage lender's office at 2201 Carnation Boulevard, Charlotte, NC
BAN19970787 First Guaranty Mortgage Corporation t/a 1st Regency Funding
To open a mortgage lender and broker's office at 5301 Buckeystown Pike, Suite 106, Frederick, MD
BAN19970788 Watson, Russell S.
For a mortgage broker's license
BAN19970789 First Greensboro Home Equity, Inc.
To relocate a mortgage lender broker's office from 494 Piney Forest Road, Danville, VA to 229 Parker Road, Danville, VA
BAN19970790 Vista Capital Funding, Inc.
For a mortgage lender's license
BAN19970791 Phoenix Home Mortgage Corp.
To relocate a mortgage broker's office from 6010 Executive Boulevard, Suite 909, Rockville, MD to 17 West Jefferson Street, Rockville, MD
BAN19970792 Mortgage Lenders Association, Inc.
To open a mortgage lender's office at 1900 The Exchange, Building 400, Suite 415, Atlanta, GA
BAN19970793 Mortgage Lenders Association, Inc.
To open a mortgage lender's office at 10107 Krause Road, Suite 101, Chesterfield, VA
BAN19970794 Green Tree Financial Servicing Corporation
To relocate a mortgage lender's office from 7764 Armistead Road, Suite 260, Lorton, VA to 7764 Armistead Road, Suite 150, Lorton, VA
BAN19970795 Money Store/D.C., Inc., The d/b/a The Money Store
To open a mortgage lender and broker's office at 4111 South Darlington, Tulsa, OK
BAN19970796 Money Store/D.C., Inc., The d/b/a The Money Store
To open a mortgage lender and broker's office at 150 Mt. Bethel Road, Warren, NJ
BAN19970797 Money Store/D.C., Inc., The d/b/a The Money Store
To open a mortgage lender and broker's office at 2450 Del Paso Road, Sacramento, CA
BAN19970798 Money Store/D.C., Inc., The d/b/a The Money Store
To open a mortgage lender and broker's office at 9143 Philips Highway, Jacksonville, FL
BAN19970799 First Virginia Bank-Mountain Empire
To merge into it Premier Bank-Central, N.A.
BAN19970800 First Virginia Bank-Clinch Valley
To merge into it Premier Bank, N.A.
BAN19970801 First Bank and Trust Company, The
To open a branch at 38 East Valley Drive, Bristol, VA
BAN19970802 Marshall, John R.
To acquire 100 percent of Midstate Financial Services, Inc.
BAN19970803 Windward Mortgage, LLC
For a mortgage lender's license

BAN19970804 Bank of Alexandria, The
To establish an EFT at 2000 Duke Street, Alexandria, VA
BAN19970805 Mortgage Concepts, Inc.
To relocate a mortgage broker's office from 8391 Old Court House Road, Suite 205, Vienna, VA to 9516-C Lee Highway, Fairfax, VA
BAN19970806 ContiMortgage Corporation
To relocate a mortgage lender's office from 500 Enterprise Road, Horsham, PA to One ContiPark, 338 South Warminster Road, Hatboro, PA
BAN19970807 Green Tree Financial Servicing Corporation
To open a mortgage lender's office at 7360 South Kyrene, Tempe, AZ
BAN19970808 First-Citizens Bank & Trust Company
To open a branch at corner of US 29 and Worth Crossing Road, Charlottesville, VA
BAN19970809 Option One Mortgage Corporation
To open a mortgage lender's office at 1915 S. Grand Avenue, Santa Ana, CA
BAN19970810 Option One Mortgage Corporation
To open a mortgage lender's office at 515 N. Cabrillo Park Drive, Suite 205, Santa Ana, CA
BAN19970811 Bank of Hampton Roads, The
To relocate office from northeast corner of Portsmouth Blvd., Chesapeake, VA to 4108 Portsmouth Boulevard, Chesapeake, VA
BAN19970812 Bank of Hampton Roads, The
To open a branch at 4500 East Princess Anne Road, Norfolk, VA
BAN19970813 Pratt, Larry F.
To acquire 100 percent of First Savings Mortgage Corporation
BAN19970814 First African Forex Bureau, Inc.
For a money order license
BAN19970815 NVX, Incorporated
To relocate a mortgage broker's office from 6408-P Seven Corners Place, Falls Church, VA to 6521 Arlington Boulevard, Suite 108, Falls Church, VA
BAN19970816 Guaranty Bank
To open a branch at Outparcel 1, Lake Monticello Plaza, State Route 53 and Turkey Sag Trail, Lake Monticello, VA
BAN19970817 Southeast Mortgage Banking Corp.
To relocate a mortgage lender broker's office from 780 Pilot House Drive, Suite 300B, Newport News, VA to 714 Thimble Shoals Boulevard, Newport News, VA
BAN19970818 Southeast Mortgage Banking Corp.
To relocate a mortgage lender broker's office from 812 Newtown Road, Virginia Beach, VA to 1300 Diamond Springs Road, 4th Floor, Virginia Beach, VA
BAN19970819 American Realty Mortgage, Inc.
To relocate a mortgage broker's office from 15200 Shady Grove Road, Suite 350, Rockville, MD to 966 Hungerford Drive, Suite 26A, Rockville, MD
BAN19970820 First-Citizens Bank & Trust Company
To open a branch at 2393 South Main Street, Harrisonburg, VA
BAN19970821 Centerpoint Mortgage Corporation
To open a mortgage lender's office(s)
BAN19970822 WMC Mortgage Corp.
To open a mortgage lender and broker's office at 2119 Smith Avenue, Chesapeake, VA
BAN19970823 WMC Mortgage Corp.
To relocate a mortgage lender broker's office from 1551 N. Tustin Avenue, Suite 650, Santa Ana, CA to 2955 Main Street, Suite 200, Irvine, CA
BAN19970824 First-Citizens Bank & Trust Company
To open a branch at 975 Emmet Street, Charlottesville, VA
BAN19970825 Mohamed, Hafiez t/a Check's Cashed Plus
To open a check casher at 4632 Jefferson Davis Highway, Richmond, VA
BAN19970826 Northern Virginia Family Service
To open a debt counseling office
BAN19970827 AccuBanc Mortgage Corporation
To open a mortgage lender and broker's office at 1403 Corporate Center Parkway, Santa Rosa, CA
BAN19970828 Abbey Mortgage and Financial Services, Inc.
For a mortgage broker's license
BAN19970829 Alliance Bank Corporation
To open a bank at 12735 Shops Lane, Fairfax County, VA
BAN19970830 First Rate Mortgage Corporation
To open a mortgage broker's office at 2321 Riverside Drive, Suite 16, Danville, VA
BAN19970831 Headlands Mortgage Company
To open a mortgage lender and broker's office at 811 Church Road, Suite 209, Cherry Hill, NJ
BAN19970832 New England National Mortgage Corporation
To relocate a mortgage lender broker's office from 790 Turnpike Street, Suite 200, N. Andover, MA to 90 Stiles Road, Suite 201, Salem, NH
BAN19970833 Mainstreet Bankgroup Incorporated
To acquire Commerce Bank Corporation
BAN19970834 Gwaltney Employees Credit Union, Incorporated
To relocate a credit union office from 601 North Church Street, Smithfield, VA to 938-C South Church Street, Smithfield, VA
BAN19970835 Pegasus Mortgage Services, Inc.
To relocate a mortgage broker's office from 11166 Main Street, Suite 301, Fairfax, VA to 10615 Judicial Drive, Suite 203, Fairfax, VA

BAN19970836 Cornerstone Mortgage, Inc.
To open a mortgage broker's office at 100 Starr Court, Linden, VA
BAN19970837 A. Anderson Scott Mortgage Group, Incorporated
To relocate a mortgage broker's office from 99 South Washington Street, Rockville, MD to 51 Monroe Street, Suite 1901, Rockville, MD
BAN19970838 H&R Block Mortgage Company, L.L.C.
To open a mortgage lender's office(s)
BAN19970839 Seniors First Mortgage Company, L.L.C.
For a mortgage broker's license
BAN19970840 Washington Funding Corporation
To relocate a mortgage broker's office from 7302 Hooking Road, McLean, VA to 7700 Little River Turnpike, Suite 405, Annandale, VA
BAN19970841 One Valley Bancorp, Inc.
To acquire One Valley Bank-Central Virginia, National Association
BAN19970842 Carteret Mortgage Corporation
To open a mortgage broker's office at 13237 Custom House Court, Fairfax, VA
BAN19970843 Carteret Mortgage Corporation
To open a mortgage broker's office at 2804 S. Arlington Ridge Road, Arlington, VA
BAN19970844 Comfort Mortgage, Incorporated
To relocate a mortgage broker's office from 420 B Colonial Avenue, Colonial Beach, VA to 809 Kirkwood Road, Waldorf, MD
BAN19970845 Money Lenders, Inc.
To relocate a mortgage broker's office from 1200-B Electric Road, Salem, VA to 1202-C Electric Road, Salem, VA
BAN19970846 Liberty Lending Corp.
For a mortgage lender's license
BAN19970847 First Mortgage LLC
For a mortgage lender's license
BAN19970848 Wachovia Corporation
To acquire Central Fidelity Banks, Inc., Richmond, VA
BAN19970848 Wachovia Corporation
To acquire Central Fidelity National Bank, Richmond, VA
BAN19970849 F & M Trust Company
To open a subsidiary trust company at 38 Rouss Avenue, Winchester, VA
BAN19970850 JBI Funding, Corp.
For a mortgage lender's license
BAN19970851 Bank of Hampton Roads, The
To relocate office from 838 E George Washington Highway, Chesapeake, VA to corner of George Washington Highway and Old George Washington Highway, Chesapeake, VA
BAN19970852 Thaxton Group, Inc., The
To open a consumer finance office
BAN19970853 Thaxton Group, Inc., The
To conduct sales finance business where other business will also be conducted
BAN19970854 First Franklin Financial Corporation
For a mortgage lender's license
BAN19970855 VA Mortgage Service Corp.
For a mortgage broker's license
BAN19970856 Ford Consumer Finance Company, Inc.
To open a mortgage lender and broker's office at 105 Decker Drive, Irving, TX
BAN19970857 Wachovia Corporation
To acquire 1st United Bancorp
BAN19970858 Complete Mortgage Corporation
To relocate a mortgage broker's office from One Columbus Center, Virginia Beach, VA to 5700 Cleveland Street, Suite 345, Virginia Beach, VA
BAN19970859 Belford, John A. d/b/a First Virginia Financial
To relocate a mortgage broker's office from 3122 West Marshall Street, Suite 212, Richmond, VA to 3117 West Clay Street, Suite 200, Richmond, VA
BAN19970860 Loan Express, Inc.
For a mortgage broker's license
BAN19970861 American International Mortgage Bankers, Inc.
To relocate a mortgage lender's office from 40 Cuttermill Road, Suite 502, Great Neck, NY to 2001 Marcus Avenue, Suite S168, Lake Success, NY
BAN19970862 Capital Seekers, Inc.
To relocate a mortgage broker's office from 311 Montford Avenue, Asheville, NC to 19 Zillicoa Street, Asheville, NC
BAN19970863 Capital Seekers, Inc.
To relocate a mortgage broker's office from 19 Zillicoa Street, Asheville, NC to 14 S. Pack Square, Suite 500, Asheville, NC
BAN19970864 Adams National Bank, The
To merge into it Bank of Northern Virginia, The
BAN19970865 Green Tree Financial Servicing Corporation
To open a mortgage lender's office at 500 Landmark Towers, 345 St. Peter St., St. Paul, MN
BAN19970866 Crosswhite, Hedwig Katharina
For a mortgage broker's license
BAN19970867 Highlands Union Bank
To establish an EFT at 1333 North Main Street, Marion, VA
BAN19970868 Asset Mortgage Corporation
For a mortgage broker's license

BAN19970869 Virginia Educators' Credit Union
To merge into it Hampton University Employees Federal Credit Union
BAN19970870 Virginia League Central Credit Union, Incorporated
To merge into it S & S Machinery Credit Union Cedar, Bluff, VA
BAN19970871 IndyMac, Inc.
To open a mortgage lender's office at 155 North Lake Avenue, Pasadena, CA
BAN19970872 Fidelity Trust Mortgage Corporation
To open a mortgage broker's office at 4102 East Parham Road, Suite B, Richmond, VA
BAN19970873 Eagle Funding Group, Ltd.
To relocate a mortgage broker's office from 11130 Main Street, Suite 100, Fairfax, VA to 3863-A Plaza Drive, Fairfax, VA
BAN19970874 NovaStar Mortgage, Inc.
To open a mortgage lender's office at 15707 Rockfield Boulevard, Suite 320, Irvine, CA
BAN19970875 Nugent Mortgage Corporation
To relocate a mortgage broker's office from 4731 Elm Street, Suite 200, Bethesda, MD to 7315 Wisconsin Avenue, Suite 1150, Bethesda, MD
BAN19970876 First Street Mortgage Corp.
To open a mortgage lender and broker's office at 3605 Glenwood Avenue, Suite 220, Raleigh, NC
BAN19970877 Potomac Mortgage Corporation
To relocate a mortgage broker's office from 7801 Old Branch Avenue, Suite 201, Clinton, MD to 7801 Old Branch Avenue, Suite 403, Clinton, MD
BAN19970878 Full Spectrum Lending, Inc.
To relocate a mortgage lender's office from 155 North Lake Avenue, Pasadena, CA to 35 North Lake Avenue, MS 35-72-A, Pasadena, CA
BAN19970879 Byrd, John Thomas
For a mortgage broker's license
BAN19970880 Virginia Bank Bankshares, Inc.
To acquire Virginia Bank and Trust Company
BAN19970881 Stowe, Joel d/b/a JSA Mortgage Centre
To relocate a mortgage broker's office from 2723 Valley Avenue, Winchester, VA to 23 West Jubal Early Drive, Winchester, VA
BAN19970882 Buckingham Mortgage Corporation
To open a mortgage broker's office at 851 East Gude Drive, Unit 1110, Rockville, MD
BAN19970883 Security Financial Corporation
For a mortgage broker's license
BAN19970884 CWM Mortgage Holdings, Inc.
To relocate a mortgage lender's office from 35 North Lake Avenue, Pasadena, CA to 155 North Lake Avenue, Pasadena, CA
BAN19970885 CWM Mortgage Holdings, Inc.
To relocate a mortgage lender's office from 2100 River Edge Parkway, Suite 600, Atlanta, GA to 375 Northridge Road, Suite 290, Atlanta, GA
BAN19970886 CWM Mortgage Holdings, Inc.
To open a mortgage lender's office at 400 Interstate North Parkway, Suite 200, Atlanta, GA
BAN19970887 CWM Mortgage Holdings, Inc.
To open a mortgage lender's office at 3000 Atrium Way, Suite 450, Mount Laurel, NJ
BAN19970888 CWM Mortgage Holdings, Inc.
To open a mortgage lender's office at 3200 Atlantic Avenue, Suite 114, Raleigh, NC
BAN19970889 Oceanmark Financial Corporation
For a mortgage lender's license
BAN19970890 Innovative Mortgage Corporation
To open a mortgage lender's office(s)
BAN19970891 Mortgage Loan Services, Inc.
To relocate a mortgage lender broker's office from Windwood Centre, Virginia Beach, VA to 607 Lynnhaven Parkway, Suite 100, Virginia Beach, VA
BAN19970892 Turley, Robert H. t/a Turbo Financial Services
For a mortgage broker's license
BAN19970893 Colonial Mortgage Group, L.L.C.
To open a mortgage lender and broker's office at 605 Post Office Road, Suite 205, Waldorf, MD
BAN19970894 First Greensboro Home Equity, Inc.
To open a mortgage lender and broker's office at 109 Dabney Drive, Henderson, NC
BAN19970895 Hampton Roads Postal Credit Union, Inc.
To relocate a credit union office from 6060 Jefferson Avenue, Suite 1500, Newport News, VA to 4013 W. Mercury Boulevard, Hampton, VA
BAN19970896 American Dream Corporation, The
For a mortgage broker's license
BAN19970897 James River Mortgage Corp.
To relocate a mortgage broker's office from 4405 Cox Road, Suite 110, Glen Allen, VA to 4860 Cox Road, Suite 200, Glen Allen, VA
BAN19970898 First-Citizens Bank & Trust Company
To open a branch at 350 University Boulevard, Harrisonburg, VA
BAN19970899 United Bank
To engage in trust business at 3801 Wilson Boulevard, Arlington County, VA
BAN19970900 Atlantic Home Funding, Inc.
For a mortgage broker's license
BAN19970901 Citywide Mortgage Corporation
To relocate a mortgage lender broker's office from 8401 Corporate Drive, Suite 250, Landover, MD to 8401 Corporate Drive, Suite 200, Landover, MD

BAN19970902 Eastern Virginia Bankshares, Inc.
To acquire Southside Bank, Tappahannock, VA
BAN19970903 Eastern Virginia Bankshares, Inc.
To acquire Bank of Northumberland, Incorporated, Heathsville, VA
BAN19970904 Citizens Mortgage Corporation
To open a mortgage lender and broker's office at One Columbus Center, Suite 665, Virginia Beach, VA
BAN19970905 Valley Pine Mortgage of Virginia, Inc.
For a mortgage lender's license
BAN19970906 Bethesda Properties Corporation d/b/a Pilot Mortgage Company
For a mortgage broker's license
BAN19970907 Express Funding, Inc.
For a mortgage lender's license
BAN19970908 CMMC Holdings, Inc.
For a mortgage lender's license
BAN19970909 American Mortgage Capital, Inc.
For a mortgage lender's license
BAN19970910 Virginia League Central Credit Union, Incorporated
To relocate a credit union office from 1207 Fenwick Drive, Lynchburg, VA to 6320 Logans Lane, Lynchburg, VA
BAN19970911 First Virginia Bank of Tidewater
To open a branch at 13350 Lankford Highway, Mappsville, VA
BAN19970912 D. Jordan Berman Mortgage Corporation
For a mortgage lender's license
BAN19970913 Waynesboro Dupont Employees Credit Union
To open a credit union service office at Lots 14 and 15 of Coyner Industrial Park, Waynesboro, VA
BAN19970914 Branch Banking and Trust Company of Virginia
To merge into it Virginia First Savings Bank, F.S.B.
BAN19970915 Money Store/D.C., Inc., The d/b/a The Money Store
To relocate a mortgage lender broker's office from 2727 Enterprise Parkway, Suite 101, Richmond, VA to 2727 Enterprise Parkway, Suite 201, Richmond, VA
BAN19970916 Equity One of Virginia, Inc.
To open a mortgage lender and broker's office at 617 Greenville Avenue, Staunton, VA
BAN19970917 Equity One Consumer Discount Company, Inc. d/b/a Equity One Consumer Loan
To open a consumer finance office
BAN19970918 Equity One Consumer Discount Company, Inc. d/b/a Equity One Consumer Loan
To conduct sales finance business where other business will also be conducted
BAN19970919 Equity One Consumer Discount Company, Inc. d/b/a Equity One Consumer Loan
To conduct mortgage lending where other business will also be conducted
BAN19970920 Equity One Consumer Discount Company, Inc. d/b/a Equity One Consumer Loan
To conduct property insurance business where other business will also be conducted
BAN19970921 Cardinal Mortgage, Inc.
To open a mortgage broker's office at 1904 Byrd Avenue, Suite 302, Richmond, VA
BAN19970922 Long Beach Mortgage Company
For a mortgage lender's license
BAN19970923 Countrywide Home Loans, Inc.
To open a mortgage lender's office(s)
BAN19970924 First Community Bank of Saltville
To open a branch at North Main Street, Marion, VA
BAN19970925 Alter, Cherly L. t/a Money Market Mortgage
To relocate a mortgage broker's office from 6804 Hopewell Avenue, Springfield, VA to 3122 Rushing Creek Drive, Pensacola, FL
BAN19970926 Residential Professional Mortgage, L.L.C.
For a mortgage broker's license
BAN19970927 American General Finance of America, Inc.
To relocate consumer finance office from 459 Oriana Road Newport Crossing, Newport News, VA to 445-2 Oriana Road, Newport News, VA
BAN19970928 American General Finance, Inc.
To relocate a mortgage lender's office from 459 Oriana Road, Newport News, VA to 445-2 Oriana Road, Newport Crossing, Newport News, VA
BAN19970929 First-Citizens Bank & Trust Company
To open a branch at 99 Bank Street, Boydton, VA
BAN19970930 First-Citizens Bank & Trust Company
To open a branch at 1145 East Atlantic, South Hill, VA
BAN19970931 First-Citizens Bank & Trust Company
To open a branch at 122 West Atlantic, South Hill, VA
BAN19970932 First-Citizens Bank & Trust Company
To open a branch at 110 Church Avenue, Roanoke, VA
BAN19970933 First-Citizens Bank & Trust Company
To open a branch at 544 Stuart Drive East, Galax, VA
BAN19970934 First-Citizens Bank & Trust Company
To open a branch at 1959 Valley View, Roanoke, VA
BAN19970935 First-Citizens Bank & Trust Company
To open a branch at 702 Fairmount Avenue, Honaker, VA

BAN19970936 First-Citizens Bank & Trust Company
To open a branch at U.S. Highway 23 North, Weber, VA
BAN19970937 First-Citizens Bank & Trust Company
To open a branch at 196 East Jackson Street, Gate City, VA
BAN19970938 First-Citizens Bank & Trust Company
To open a branch at 530 Main Street, Danville, VA
BAN19970939 First-Citizens Bank & Trust Company
To open a branch at 3320 Riverside Drive, Danville, VA
BAN19970940 First-Citizens Bank & Trust Company
To open a branch at 605 West Main Street, Danville, VA
BAN19970941 First-Citizens Bank & Trust Company
To open a branch at 1500 Piney Forest Road, Danville, VA
BAN19970942 First-Citizens Bank & Trust Company
To open a branch at U. S. Route 11 and Trinkle, Dublin, VA
BAN19970943 First-Citizens Bank & Trust Company
To open a branch at 845 East Second Street, Chase City, VA
BAN19970944 University of Virginia Community Credit Union, Inc.
To relocate a credit union office from 1709 Seminole Trail, Charlottesville, VA to 2001 Berkmar Drive, Charlottesville, VA
BAN19970945 First Greensboro Home Equity, Inc.
To relocate a mortgage lender broker's office from LaCrosse Commerce Center, LaCrosse, VA to LaCrosse Commerce Center, 100 N. Carter Street, Suites 8 and 9, LaCrosse, VA
BAN19970946 First State Bank
To open a branch at northwest corner of Mt. Cross Road and Piedmont Drive, Danville, VA
BAN19970947 First Savings Mortgage Corporation d/b/a Portfolio Funding Group
To relocate a mortgage lender broker's office from 10812 Connecticut Avenue, Kensington, MD to 10401 Connecticut Avenue, Suite 103, Kensington, MD
BAN19970948 Firstplus Financial, Inc. d/b/a Firstplus Direct
To open a mortgage lender's office at 28601 Los Alisos Boulevard, Mission Viejo, CA
BAN19970949 Shore Bank
To open an interim bank
BAN19970950 Citizens Mortgage Corporation
To relocate a mortgage lender broker's office from 1403 Pemberton Road, Suite 100, Richmond, VA to 2807 N. Parham Road, Suite 125, Richmond, VA
BAN19970951 Chandler, Jeffrey Dale
To relocate a mortgage broker's office from 123 Westbrook Drive, Hampton, VA to 532A Hampton Highway, Yorktown, VA
BAN19970952 Virginia HomeLoan, L.C.
For a mortgage lender's license
BAN19970953 Consumer Lending Corporation
To relocate a mortgage broker's office from 5244 Challedon Drive, Virginia Beach, VA to 3724 Cook Boulevard, Chesapeake, VA
BAN19970954 Mortgage Lenders Network USA, Inc.
To relocate a mortgage lender's office from Two Walnut Grove, Horsham, PA to 132 Welsh Road, Suite 110, Horsham, PA
BAN19970955 Mortgage Network USA, Inc.
For a mortgage lender's license
BAN19970956 Associated Lenders, Inc.
For a mortgage lender's license
BAN19970957 First Horizon Home Mortgage, Inc.
For a mortgage broker's license
BAN19970958 Vision Mortgage, Inc.
To open a mortgage broker's office at 300 Preston Avenue, Suite 205, Charlottesville, VA
BAN19970959 Primerica Financial Services Home Mortgages, Inc.
To open a mortgage lender and broker's office at 1314 Peters Creek Road, N.W., Suite 241B, Roanoke, VA
BAN19970960 Legacy Financial Group, Inc.
To relocate a mortgage lender broker's office from 101 W. Randol Mill Road, Suite 130, Arlington, TX to 1205 W. Abram, Arlington, TX
BAN19970961 BNC Mortgage, Inc.
To relocate a mortgage lender's office from 1740 East Garry Avenue, Suite 109, Santa Ana, CA to 1063 McGaw Avenue, Irvine, CA
BAN19970962 CommonPoint Mortgage Company d/b/a CommonPoint Mortgage
To relocate a mortgage lender broker's office from 3643-A 28th Street, S.E., Grand Rapids, MI to 4460 44th Street, S.E., Kentwood, MI
BAN19970963 Equity Mortgage Co. (IMC), Inc.
For a mortgage lender's license
BAN19970964 First Republic Mortgage Corporation d/b/a US Capital Funding
To relocate a mortgage lender broker's office from 1420 Beverly Road, Suite 240, McLean, VA to 4115 Annandale Road, Suite 202, Annandale, VA
BAN19970965 First Equity Mortgage Incorporated d/b/a American Equity Mortgage, Inc.
To relocate a mortgage lender broker's office from 5400 Shawnee Road, Suite 207, Alexandria, VA to 5400 Shawnee Road, Suite 304, Alexandria, VA
BAN19970966 Carteret Mortgage Corporation
To open a mortgage broker's office at 2447 Shenandoah Street, Vienna, VA
BAN19970967 Carteret Mortgage Corporation
To open a mortgage broker's office at 512 Orrin Street, Vienna, VA
BAN19970968 Elder, Daniel C.
To acquire 100 percent of Mortgage First, Inc.

BAN19970969 Holloman, Eric D.
To acquire 100 percent of Mortgage First, Inc.
BAN19970970 One Stop Mortgage, Inc.
To open a mortgage lender's office at 1600 Forest Avenue, Suite 100, Richmond, VA
BAN19970971 CommonPoint Mortgage Company d/b/a CommonPoint Mortgage
To open a mortgage lender and broker's office at Century Business Center, 1318 Plantation Road, Roanoke, VA
BAN19970972 Virtual Mortgage Network, Inc.
To acquire 100 percent of Sutter Mortgage Corporation
BAN19970973 Barber, III R. Allen
To acquire 100 percent of Johnson Mortgage Company
BAN19970974 TelNet Financial Corporation
To relocate a mortgage broker's office from 1700 Rockville Pike, Suite 145, Rockville, MD to 7315 Wisconsin Avenue, Suite 1150, West, Air Rights Center, Bethesda, MD
BAN19970975 GNB Bankshares Corporation
To acquire Grundy National Bank Grundy, VA
BAN19970976 Jackson Hewitt, Inc.
For a mortgage lender's license
BAN19970977 Eastland Mortgage Company, Inc.
To relocate a mortgage broker's office from 3400 Acorn Street, Williamsburg, VA to 804 Jamestown Road, Williamsburg, VA
BAN19970978 Franklin Mortgage Corporation
For a mortgage broker's license
BAN19970979 CreditSource USA, Incorporated
To relocate a mortgage broker's office from 9313 Olivia Lane, Suite 100, Charlotte, NC to 6701 Carmel Road, Suite 205, Charlotte, NC
BAN19970980 First Equity Inc.
For a mortgage broker's license
BAN19970981 Resource One, Inc.
For a mortgage lender's license
BAN19970982 Title West Mortgage Inc.
For a mortgage lender's license
BAN19970983 Continental Lending Corporation of America, Inc.
For a mortgage broker's license
BAN19970984 Discount Funding Associates, Inc.
For a mortgage broker's license
BAN19970985 Metstar Mortgage Corp.
To relocate a mortgage lender broker's office from 7777 Leesburg Pike, Suite 207S, Falls Church, VA to 7777 Leesburg Pike, Suite 10LS, Falls Church, VA
BAN19970986 Fidelity Mortgage and Finance Co.
For a mortgage broker's license
BAN19970987 Virginia Credit Union, Inc.
To open a credit union service office at 1302 B Gaskins Road, Richmond, VA
BAN19970988 Loan Express, Inc.
To relocate a mortgage broker's office from 1602 West Ruritan Road, N.E., Roanoke, VA to 1211 Hardy Road, Suite 7, Vinton, VA
BAN19970989 Madison Financial Corporation
For a mortgage broker's license
BAN19970990 GMAC Mortgage Corporation
To open a mortgage lender and broker's office at 132 Welsh Road, Horsham, PA
BAN19970991 Advanta Finance Corp.
To relocate a mortgage lender's office from 7201 Glen Forest Drive, Suite 205, Richmond, VA to 7201 Glen Forest Drive, Suite 306, Richmond, VA
BAN19970992 Prime Time Mortgage, Inc.
For a mortgage broker's license
BAN19970993 King George State Bank, Inc.
To open a branch at State Route 205 - McKinney Boulevard, Colonial Beach, VA
BAN19970994 Northern Neck State Bank
To open a branch at 284 North Main Street, Kilmarnock, VA
BAN19970995 Northern Neck State Bank
To open a branch at 485 Chesapeake Drive, White Stone, VA
BAN19970996 Northern Neck State Bank
To open a branch at Route 360 - Main Street, Reedville, VA
BAN19970997 Northern Neck State Bank
To open a branch at 15043 Northumberland Highway, Burgess, VA
BAN19970998 National Equity Corp.
For a mortgage lender's license
BAN19970999 First Republic Mortgage Corporation d/b/a US Capital Funding
To relocate a mortgage lender broker's office from 455 East Gude, Suite 84, Rockville, MD to 4451 Georgia Pacific Boulevard, Frederick, MD
BAN19971000 First Republic Mortgage Corporation d/b/a US Capital Funding
To open a mortgage lender and broker's office at 9017 Red Branch Road, Suite 206, Columbia, MD
BAN19971001 Centex Credit Corporation d/b/a Centex Home Equity Corporation
To open a mortgage lender's office at Five Coliseum Centre, 2810 Coliseum Centre Dr., Suite 200, Charlotte, NC
BAN19971002 Centex Credit Corporation d/b/a Centex Home Equity Corporation
To open a mortgage lender's office at 3710 Rawlins, Suite 1310, Dallas, TX

BAN19971003 Centex Credit Corporation d/b/a Centex Home Equity Corporation
To open a mortgage lender's office at 6411 Ivy Lane, Suite 700, Greenbelt, MD
BAN19971004 Centex Credit Corporation d/b/a Centex Home Equity Corporation
To open a mortgage lender's office at 621 Lynnhaven Parkway, Suite 275, Virginia Beach, VA
BAN19971005 Option One Mortgage Corporation
To relocate a mortgage lender's office from 50 Jordan Street, East Providence, RI to 5 Catamore Boulevard, Suite 1, East Providence, RI
BAN19971006 Federal Capital Funding Corp.
To relocate a mortgage lender broker's office from 7819 Norfolk Avenue, Bethesda, MD to 7920 Norfolk Avenue, 11th Floor, Bethesda, MD
BAN19971007 LL Funding Corp. d/b/a Liberty Lending Corporation
To relocate a mortgage lender's office from 1600 Spring Hill Road, Suite 230B, Vienna, VA to 10640 Main Street, Suite 300, Fairfax, VA
BAN19971008 Cornerstone Financial Group, Inc., The
For a mortgage lender's license
BAN19971009 First Union Corporation
To acquire Mentor Trust Company
BAN19971010 Forbes Mortgage LLC
To relocate a mortgage broker's office from 108 West Point Square, West Point, VA to 2690 King William Avenue, West Point, VA
BAN19971011 Mortgage Factors, Inc.
To relocate a mortgage broker's office from 7800 Kachina Lane, Bethesda, MD to 7829 Whiterim Terrace, Potomac, MD
BAN19971012 Primerica Financial Services Home Mortgages, Inc.
To open a mortgage lender and broker's office at 10560 Main Street, Suite 408, Fairfax, VA
BAN19971013 Bank of Clarke County
To open a branch at 40 West Piccadilly Street, Winchester, VA
BAN19971014 Southern Financial Bank
To open a branch at 46910 Harry Byrd Highway, Sterling, VA
BAN19971015 James Monroe Bank
To open a bank at 3033 Wilson Boulevard, Arlington County
BAN19971016 Southern Trust Mortgage, LLC
For a mortgage lender's license
BAN19971017 Bank of McKenney
To open a branch at northwest corner of the intersection of Wells Street and River Road, Matoaca, VA
BAN19971018 Direct Mortgage Partners, Inc.
To open a mortgage lender's license
BAN19971019 Bank of Lancaster
To open a branch at 610 West Richmond Road, Warsaw, VA
BAN19971020 Bank of Lancaster
To open a branch at Rt. 3 Kings Highway, Montross, VA
BAN19971021 Columbia National, Incorporated
To open a mortgage lender and broker's office at 763 Madison Road, Culpeper Office Park, Suite 202, Culpeper, VA
BAN19971022 Columbia National, Incorporated
To open a mortgage lender and broker's office at 480 Four Seasons Drive, Suite 100, Charlottesville, VA
BAN19971023 AE Mortgage Services, L.L.C.
To open a mortgage lender's license
BAN19971024 Jane E. Brown, Inc.
For a mortgage broker's license
BAN19971025 Cardinal Mortgage, Inc.
To open a mortgage broker's office at 111 Thrasher Drive, Chesapeake, VA
BAN19971026 Annapolis Federal Mortgage, LLC
To open a mortgage broker's office at 7611 S. Osborne Road, Suite 206, Upper Marlboro, MD
BAN19971027 Ivy Mortgage Corp.
To open a mortgage lender and broker's office at 8201 Greensboro Drive, Tyson's Corner, VA
BAN19971028 United National Mortgage, LLC
For a mortgage lender's license
BAN19971029 Richmond Postal Credit Union Incorporated, The
To open a credit union service office at 1801 Brook Road, Richmond, VA
BAN19971030 American Mortgage Reduction, Inc. d/b/a All Credit Funding
To open a mortgage lender and broker's office at 100 Painters Mill Road, Suite 800, Owings Mills, MD
BAN19971031 Franklin American Mortgage Company
To relocate a mortgage lender's office from 2121 West Airport Freeway, Suite 444, Irving, TX to 800 West Airport Freeway, Suite 512, Irving, TX
BAN19971032 Franklin American Mortgage Company
To open a mortgage lender's office at 110 Ford Avenue, Kingsport, TN
BAN19971033 Franklin American Mortgage Company
To relocate a mortgage lender's office from 306 Ridgeland Drive, Greenville, SC to 15 Whitsitt Street, Greenville, SC
BAN19971034 National Future Mortgage, Inc.
For a mortgage lender's license
BAN19971035 Chesapeake Commercial Associates, Inc.
For a mortgage broker's license
BAN19971036 Carteret Mortgage Corporation
To relocate a mortgage broker's office from 501 Slater's Lane, Suite 410, Alexandria, VA to 107 East Nelson Avenue, Alexandria, VA
BAN19971037 Destiny Mortgage Group, Inc.
For a mortgage broker's license

BAN19971038 Lucky Money, Inc.
For a money order license
BAN19971039 Farmers and Miners Bank
To open a branch at Piggly Wiggly Grocery Store, Piggly Wiggly Shopping Center, Chase St., Clintwood, VA
BAN19971040 Treo Funding, Inc.
For a mortgage lender's license
BAN19971041 Southeast Mortgage Banking Corp.
To open a mortgage lender and broker's office at 1430 Hershburger Road, Roanoke, VA
BAN19971042 Southeast Mortgage Banking Corp.
To open a mortgage lender and broker's office at 1479 Salem Road, Salem, VA
BAN19971043 Southeast Mortgage Banking Corp.
To open a mortgage lender and broker's office at 996 Hardy Road, Vinton, VA
BAN19971044 Southeast Mortgage Banking Corp.
To open a mortgage lender and broker's office at 1727 Peters Creek Road, Roanoke, VA
BAN19971045 Newport News Shipbuilding Employees' Credit Union, Inc.
To open a credit union service office at Gateway 2000, 22 Enterprise Parkway, Suite 160, Hampton, VA
BAN19971046 Windward Mortgage, LLC
To relocate a mortgage lender broker's office from 8258 Veterans Highway, Suite 19A, Millersville, MD to 8258 Veterans Highway, Suite 6, Millersville, MD
BAN19971047 Ditech Funding Corporation
To relocate a mortgage lender's office from 1920 Main Street, Suite 600, Irvine, CA to 1920 Main Street, Suite 900, Irvine, CA
BAN19971048 Capital Center, L.L.C.
To relocate a mortgage lender broker's office from 1111 East Main Street, Richmond, VA to 4201 Dominion Boulevard, Glen Allen, VA
BAN19971049 BB&T Corporation
To acquire Life Bancorp, Inc.
BAN19971050 First One Lending Corporation
For a mortgage lender's license
BAN19971051 Northern Virginia Family Service
To open an additional debt counseling office at 14381 Hereford Road, Dale City, VA
BAN19971052 Vina Transfer Express Corporation
For a money order license
BAN19971053 Pennsylvania Pinnacle Mortgage Corporation
For a mortgage broker's license
BAN19971054 Atlantic Coast Financial Services, Inc.
For a mortgage broker's license
BAN19971055 Davis, Robert E.
For a mortgage broker's license
BAN19971056 National Lending Center, Inc.
For a mortgage lender's license
BAN19971057 New Century Corporation (Used in VA by: New Century Mortgage Corporation)
To open a mortgage lender and broker's office at 125 St. Pauls Boulevard, Suite 600, Norfolk, VA
BAN19971058 Dollar Mortgage Corporation
For a mortgage lender's license
BAN19971059 Mortgage Outlet, Inc., The
For a mortgage lender's license
BAN19971060 Morris, Boniface & Associates, Incorporated
To relocate a mortgage broker's office from 301 Lafayette Boulevard, Fredericksburg, VA to 10709 Spotsylvania Ave, Suite 101, Fredericksburg, VA
BAN19971061 Mission Hills Mortgage Corporation
For a mortgage lender's license
BAN19971062 Principal Residential Mortgage, Inc.
For a mortgage lender's license
BAN19971063 Chase Home Funding, Inc.
To relocate a mortgage broker's office from 33 Jaystone Court, Silver Spring, MD to 11203A Lockwood Drive, Silver Spring, MD
BAN19971064 First Southern Mortgage Loan Company, Inc.
To relocate a mortgage broker's office from 225 City Hall Street, Mount Airy, NC to 162 N. Renfro Street, Mount Airy, NC
BAN19971065 Lendex, Inc.
For a mortgage lender's license
BAN19971066 Option One Mortgage Corporation
To open a mortgage lender's office at 6678 Owens Drive, Pleasanton, CA
BAN19971067 Option One Mortgage Corporation
To open a mortgage lender's office at 7702 Woodland Center, Bl #100, Tampa, FL
BAN19971068 Donald Henig, Inc. d/b/a Island Mortgage Network
To open a mortgage lender and broker's office at 615 South Frederick Road, Suite 308, Gaithersburg, MD
BAN19971069 First Union National Bank
To merge into it First Union National Bank, Pennsylvania
BAN19971070 Allstate Lending Services, Inc.
For a mortgage lender's license
BAN19971071 Mandarin Mortgage Corp.
For a mortgage broker's license
BAN19971072 Southern Pacific Funding Corporation
To open a mortgage lender's office at 1601 Forum Place, 6th Floor, West Palm Beach, FL

BAN19971073 First Alliance Mortgage Company
To open a mortgage lender's office(s)
BAN19971074 City Federal Funding & Mortgage Corp.
To open a mortgage lender and broker's office at 8400 Baltimore Avenue, College Park, MD
BAN19971075 GMAC Mortgage Corporation
To open a mortgage lender and broker's office at 1 Park West Circle, Midlothian, VA
BAN19971076 Platinum Capital Group
For a mortgage lender's license
BAN19971077 Goldberg, Larry M.
For a mortgage broker's license
BAN19971078 CMG Funding Corp.
For a mortgage lender's license
BAN19971079 Amerigroup Mortgage Corporation (Used in VA by: Mortgage Investors Corporation)
To open a mortgage lender's office at 10800 Midlothian Turnpike, Suite 273, Midlothian, VA
BAN19971080 First Choice Mortgage Corp.
For a mortgage broker's license
BFI970001 Walsh, William Thomas III
Alleged violation of VA Code § 6.1-413
BFI970002 Bell, C. Richard
Alleged violation of VA Code § 6.1-416.1
BFI970003 Mortgage Authority Inc., The
Alleged violation of VA Code § 6.1-416
BFI970004 Advantage Home Mortgage Co.
Alleged violation of VA Code § 6.1-418
BFI970005 American Mortgage Bankers, Inc.
Alleged violation of VA Code § 6.1-418
BFI970006 American Mortgage Express, Inc.
Alleged violation of VA Code § 6.1-418
BFI970007 Capital Access Ltd.
Alleged violation of VA Code § 6.1-418
BFI970008 Cardinal Mortgage, Inc.
Alleged violation of VA Code § 6.1-418
BFI970009 Realty Financial Services, Inc.
Alleged violation of VA Code § 6.1-418
BFI970010 Continental General Mortgage
Alleged violation of VA Code § 6.1-418
BFI970011 Dynamics Financial, Inc.
Alleged violation of VA Code § 6.1-418
BFI970012 Excel Funding Corporation
Alleged violation of VA Code § 6.1-418
BFI970013 Loan Company, The
Alleged violation of VA Code § 6.1-418
BFI970014 Homebuyers Mortgage, Inc.
Alleged violation of VA Code § 6.1-418
BFI970015 Federal Funding Group, Inc.
Alleged violation of VA Code § 6.1-418
BFI970016 Homestar Mortgage, Inc.
Alleged violation of VA Code § 6.1-418
BFI970017 First Dominion Mortgage Co.
Alleged violation of VA Code § 6.1-418
BFI970018 Hudgins, Philip Barry
Alleged violation of VA Code § 6.1-418
BFI970019 First Mid Atlantic Mortgage
Alleged violation of VA Code § 6.1-418
BFI970020 ICM Mortgage Corporation
Alleged violation of VA Code § 6.1-418
BFI970021 K Hovnanian Mortgage, Inc.
Alleged violation of VA Code § 6.1-418
BFI970022 Imperial Credit Industries, Inc.
Alleged violation of VA Code § 6.1-418
BFI970023 Majestic Mortgage Corporation
Alleged violation of VA Code § 6.1-418
BFI970024 MCA Mortgage Corporation
Alleged violation of VA Code § 6.1-418
BFI970025 Mortgage Broker Inc., The
Alleged violation of VA Code § 6.1-318
BFI970026 Mortgage Concepts, Inc.
Alleged violation of VA Code § 6.1-418
BFI970027 Mortgage Lenders Association
Alleged violation of VA Code § 6.1-418
BFI970028 Mortgage USA, Inc.
Alleged violation of VA Code § 6.1-418

BFI970029 Premier Financial Corporation
Alleged violation of VA Code § 6.1-418
BFI970030 Home American Credit, Inc.
Alleged violation of VA Code § 6.1-318
BFI970031 Premier Mortgage Corporation
Alleged violation of VA Code § 6.1-418
BFI970032 Pumphrey Financial Group, Inc.
Alleged violation of VA Code § 6.1-418
BFI970033 Homebuyers Mortgage, Inc.
Alleged violation of VA Code § 6.1-418
BFI970034 Ramsay Mortgage Co. of NC
Alleged violation of VA Code § 6.1-418
BFI970035 Homestar Mortgage, Inc.
Alleged violation of VA Code § 6.1-418
BFI970036 Integrity Mortgage & Finance
Alleged violation of VA Code § 6.1-418
BFI970038 Welu, James A.
Alleged violation of VA Code § 6.1-418
BFI970039 Imperial Credit Industries, Inc.
Alleged violation of VA Code § 6.1-318
BFI970040 Integrity Mortgage & Finance
Alleged violation of VA Code § 6.1-318
BFI970041 Mortgage Funding of Virginia
Alleged violation of VA Code § 6.1-418
BFI970042 Welu, James A.
Alleged violation of VA Code § 6.1-418
BFI970043 K Hovnanian Mortgage, Inc.
Alleged violation of VA Code § 6.1-418
BFI970044 Majestic Mortgage Corporation
Alleged violation of VA Code § 6.1-418
BFI970045 MCA Mortgage Corporation
Alleged violation of VA Code § 6.1-418
BFI970046 Hudgins, Philip Barry
Alleged violation of VA Code § 6.1-418
BFI970047 Mortgage Funding of Virginia
Alleged violation of VA Code § 6.1-418
BFI970048 Mical Mortgage, Inc.
Alleged violation of VA Code § 6.1-418
BFI970049 Mortgage Access Corp.
Alleged violation of VA Code § 6.1-418
BFI970050 Tidewater Mortgage Service, Inc.
Alleged violation of VA Code § 6.1-418
BFI970051 Town & Country Mortgage
Alleged violation of VA Code § 6.1-418
BFI970052 Treasury Mortgage Group, Inc.
Alleged violation of VA Code § 6.1-418
BFI970053 U S Mortgage Capital, Inc.
Alleged violation of VA Code § 6.1-418
BFI970054 United Companies Lending Corp.
Alleged violation of VA Code § 6.1-418
BFI970055 United Southern Mortgage Corp.
Alleged violation of VA Code § 6.1-418
BFI970056 Washington Mortgage Corp.
Alleged violation of VA Code § 6.1-418
BFI970057 Washington Suburban Financial
Alleged violation of VA Code § 6.1-418
BFI970058 First American Corporation
For authority to modify order in Case No. BFI950202
BFI970059 American General Finance
To amend Chapter 70 of Title 10 of Virginia Administrative Code
BFI970060 Ex Parte: Real Estate
In matter of adopting real estate settlement agent rules
BFI970061 Metropolitan Mortgage Corp.
Alleged violation of VA Code § 6.1-418
BFI970062 Ex Parte: Repealing Virginia EFT
In matter of repealing Virginia electronic funds transfer (EFT) regulations
BFI970063 Collateral Mortgage Ltd.
Alleged violation of VA Code § 6.1-413
BFI970064 Dunn, Joseph E.
Alleged violation of VA Code § 6.1-416.1
BFI970065 Virginia Bankers Association
For official interpretation of VA Code § 6.1, Chapter 4.01

BFI970066 Kirchner, Chris, Shoemaker Alan B. and Joseph, Michael
Alleged violation of VA Code § 6.1-416.1
BFI970067 Morgan Home Funding Corp.
Alleged violation of VA Code § 12.1-15
BFI970068 Universal American Mortgage Co.
Alleged violation of VA Code § 6.1-416
BFI970069 RBO Funding, Inc.
Alleged violation of VA Code § 6.1-412.B.6
BFI970070 Virginia Bankers Association
For review of actions of Bureau of Financial Institutions in applying common bond provisions of Virginia Credit Union Act
BFI970071 Green Tree Financial Servicing
Alleged violation of VA Code § 6.1-416
BFI970072 Ex Parte: Refunds
In the matter of refunding overpayments of assessment for maintenance of Bureau of Insurance on direct gross premium income of insurance companies for 1996
BFI970073 Ex Parte: Refunds
In the matter of refunding overpayments of premium license tax
BFI970074 Ex Parte: Refunds
In the matter of refunding overpayments of premium license tax
BFI970075 American General Finance of America, Inc.
For an order amending Chapter 70 of Title 10 of the Virginia Administrative Code
BFI970076 Mortgage Lenders Assoc., Inc.
Alleged violation of VA Code § 6.1-416
BFI970077 Pratt, Larry F.
Alleged violation of VA Code § 6.1-416.1

CLK: CLERK'S OFFICE

CLK970027 Election of Chairman
Pursuant to VA Code § 12.1-7
CLK970146 Woods Brothers Racing
For order of involuntary dissolution and termination
CLK970464 Mary Louise Home of the King's Daughters
For order of involuntary dissolution pursuant to VA Code § 13.1-911
CLK970483 Pretlows Incorporated
For order of involuntary dissolution
CLK970496 Peyton, Pamela T., Petitioner v. State Corporation Commission, Yvonne Cochran and Ivan Morton
Request to declare void certain State Corporation Commission records relating to Franklin St. Gourmet
CLK970625 O'Nale, George
To seek formal resolution of informal complaint

INS: BUREAU OF INSURANCE

INS970001 Yark, Geoffrey S.
Alleged violation of VA Code § 38.2-1804, et al.
INS970002 Mousavipour, Farhad and Shohre
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970003 Capstone Homes, Inc.
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970004 Federal Insurance Company
Alleged violation of VA Code § 38.2-317
INS970005 Fidelity and Guaranty Insurance Co.
Alleged violation of VA Code § 38.2-1906
INS970006 Great Northern Insurance Co.
Alleged violation of VA Code § 38.2-317
INS970007 Markel American Insurance Co.
Alleged violation of VA Code § 38.2-1906
INS970008 Pacific Indemnity Company
Alleged violation of VA Code § 38.2-317
INS970009 Vigilant Insurance Company
Alleged violation of VA Code § 38.2-317
INS970010 Montgomery, Lloyd M.
Alleged violation of VA Code § 38.2-1813
INS970011 Allred, Susan R. and Nations Insurance Agency of Virginia, Inc.
Alleged violation of VA Code § 38.2-512, et al.
INS970012 McCready, Timothy Alan
Alleged violation of VA Code § 38.2-512
INS970013 Clarke, Jr. Roger E. and Virginia Insurance Centers, Inc.
Alleged violation of VA Code §§ 38.2-1804, 38.2-1833, et al.
INS970014 Employers Insurance of Wausau
Alleged violation of VA Code § 38.2-2003

INS970015 Nusbaum, Charles S. and SL Nusbaum Insurance Agency, Inc.
Alleged violation of VA Code §§ 38.2-1802, et al.

INS970016 Healthcare Providers Group
Alleged violation of 14 VAC 5-370-110

INS970017 National IPF Company
Alleged violation of 14 VAC 5-390-70

INS970018 Agency Services, Inc.
Alleged violation of 14 VAC 5-390-70

INS970019 Mack and Parker, Inc.
Alleged violation of VA Code § 38.2-1802

INS970020 Filipiak, Allen
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal

INS970021 American General Corporation
For acquisition of control of Home Beneficial Life Insurance Company AGC Life Insurance Co.

INS970022 Lowder, Jonathan S.
For issuance of an order revoking defendant's license

INS970024 Francis, Jr., R. B. Nash
Alleged violation of VA Code § 38.2-1802

INS970025 Childress, Gerald W.
Alleged violation of VA Code §§ 38.2-1813, et al.

INS970026 Marquardt, La Vergne
For review of Fidelity Bankers Life Insurance Deputy Receiver's determination of appeal

INS970027 Humana Group Health Plan, Inc.
For suspension of license to transact business as health maintenance organization pursuant to VA Code § 38.2-4316

INS970028 Humana Group Health Plan, Inc.
For suspension of license

INS970029 Affiliated Agencies, Inc.
Alleged violation of VA Code §§ 38.2-1809 and 38.2-1813

INS970030 Old American Insurance Company
Alleged violation of 14 VAC 5-170-120C

INS970037 Barnett, James I., et al.
For review of actions taken by Deputy Receiver

INS970038 McMahon, Terrance M. and Jerri A.
For review of HOW Insurance Co., et al. Deputy Receiver's determination appeal

INS970039 Prudential Insurance Co.
Alleged violations of VA Code §§ 38.2-502.1 and 38.2-503

INS970040 MD Individual Practice Association
Alleged violation of VA Code §§ 38.2-502.1, et al.

INS970041 Moore, Gilbert and Joni, and R&S Colonial Builders
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal

INS970042 Ernst & Young LLP v. Bureau of Insurance, State Corporation Commission
Request to reverse current interpretation of certain aspects of Virginia statutory accounting practices prior to July 1, 1994

INS970043 National Association of Home Builders of US, et al.
For review of actions taken by Deputy Receiver

INS970044 Nork, III, William George
Alleged violation of VA Code § 38.2-502 and 14 VAC 5-40

INS970045 IDS Life Insurance Company
Alleged violation of VA Code § 38.2-610

INS970046 Witlen, Larry R. and Lisa A.
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal

INS970047 Harrell, Jennifer R.
Alleged violation of VA Code §§ 38.2-1804, 38.2-1809, et al.

INS970048 Henderson, Jr. Roosevelt
Alleged violation of VA Code §§ 38.2-1804, 38.2-1809, et al.

INS970049 Kajiwara, Kenneth K.
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal

INS970050 National IPF Company
Alleged violation of VA Code § 38.2-4707

INS970051 Lamei, Simak and Soraya
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal

INS970052 Cigna Healthcare of Virginia, Inc.
For refund of $7,581.70 for overpayment of Virginia maintenance assessment

INS970053 Ex Parte: Refunds
In matter of refunding overpayments of 1995 assessment for maintenance of Bureau of Insurance on direct gross premium income of surplus lines brokers

INS970054 National Union Fire Insurance
Alleged violation of VA Code §§ 38.2-231, et al.

INS970055 Padgett, Orman Meyer
Alleged violation of VA Code § 38.2-512

INS970056 Reliance Standard Life Insurance Co.
Alleged violation of VA Code §§ 38.2-502.1, 38.2-503 and 14 VAC 5-40, et al.

INS970057 Hartford Casualty Insurance Co.
Alleged violation of VA Code § 38.2-2220
INS970058 Twin City Fire Insurance Co.
Alleged violation of VA Code § 38.2-2220
INS970059 Hartford Underwriters Insurance Co.
Alleged violation of VA Code § 38.2-2220
INS970060 Hartford Insurance Co. of Midwest
Alleged violation of VA Code § 38.2-2220
INS970061 Hartford Fire Insurance Co.
Alleged violation of VA Code § 38.2-2220
INS970062 Colonial Life & Accident Insurance Co.
Alleged violation of VA Code §§ 38.2-502.1, et al.
INS970063 United Fidelity Life Insurance Co.
Alleged violation of VA Code §§ 38.2-1812, et al.
INS970064 Augst, Mason W.
Alleged violation of VA Code § 38.2-1813
INS970065 Aimonetti, Jeffrey C.
Alleged violation of VA Code § 38.2-1813
INS970066 Carrillo, Luis Santiago
Alleged violation of VA Code §§ 38.2-1804, et al.
INS970067 Premium Assignment Corporation
Alleged violation of VA Code § 38.2-4707
INS970068 First Premium Services, Inc.
Alleged violation of VA Code § 38.-4707
INS970070 Petroleum Casualty Company
To eliminate impairment in surplus and restore surplus to minimum amount required by law
INS970071 Buchanan, Billie J. and Cannon Insurance Group, Inc.
Alleged violation of VA Code §§ 38.2-1813, et al.
INS970072 Billy Ray Head Builder, Inc.
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970073 Bostick, Sr. Ivy Joe
Alleged violation of VA Code §§ 38.2-502.1, et al.
INS970074 Owen, John P.
Alleged violation of VA Code § 38.2-502
INS970075 Capitol American Life
Alleged violation of VA Code §§ 38.2-502.1, et al.
INS970076 Spencer, James P.
Alleged violation of VA Code §§ 38.2-1805.A
INS970077 Ex Parte: Refunds
In the matter of refunding overpayment of assessment for maintenance of Bureau of Insurance on 1995 direct gross premium income of surplus lines brokers
INS970078 Ex Parte: Refunds
In the matter of refunding overpayment on premium license tax on direct gross premium incomes
INS970079 American Fidelity Assurance
Alleged violation of VA Code § 38.2-610
INS970080 Moy, Leslie M.
Alleged violation of VA Code §§ 38.2-512, 38.2-1822.A, et al.
INS970081 Optimum Choice, Inc.
Alleged violation of VA Code §§ 38.2-502.1, et al.
INS970082 Baker, Deborah H.
Alleged violation of VA Code § 38.2-1813
INS970083 Thomas, Roy L.
Alleged violation of VA Code §§ 38.2-1813 and 38.2-1822
INS970084 Optimum Choice, Inc.
Alleged violation of VA Code §§ 38.2-502.1, et al.
INS970085 Nielson, Jerry
Alleged violation of VA Code §§ 38.2-502, 38.2-503, et al.
INS970086 Commonwealth National Life Insurance
Alleged violation of VA Code § 38.2-1028
INS970087 Hanover Insurance Company
Alleged violation of VA Code § 38.2-1906
INS970088 Massachusetts Bay Insurance Co.
Alleged violation of VA Code § 38.2-1906
INS970090 Northland Casualty Company
Alleged violation of VA Code § 38.2-1906
INS970091 Guardian Life Insurance Co.
Alleged violation of 14 VAC 5-30
INS970092 Sico, Enrico P. and Janice
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970093 Harbor Insurance Managers of Virginia, Inc.
Alleged violation of VA Code § 38.2-1812

INS970094 Tate, Joseph R.
Alleged violation of VA Code §§ 38.2-1813, 38.2-218, et al.
INS970095 Guardian Life Insurance Co.
Alleged violation of 14 VAC 5-30
INS970097 Century Homes, Inc.
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970098 Home Insurance Company, The
For suspension of defendant's license to transact business in Virginia
INS970099 Coles, Carl G.
Alleged violation of VA Code § 38.2-512
INS970100 Moweta, Frankie O.
Alleged violation of VA Code § 38.2-1813
INS970101 American National Finance Co.
For suspension of license
INS970102 Mony Credit Corporation
For suspension of license
INS970103 Barnes, Maria Y.
Alleged violation of VA Code §§ 38.2-1822, et al.
INS970104 Young, Kevin and Morris & Young Insurance agency, L.L.C.
Alleged violation of VA Code § 38.2-1813
INS970105 Fields, Mark R.
Alleged violation of VA Code § 38.2-1819
INS970106 Pisciottano, Anthony and Marion
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970107 McGee, Cecil F.
Alleged violation of VA Code §§ 38.2-502, 38,2-512, 38.2-514.1, et al.
INS970108 Aon Risk Inc. of the Carolinas
Alleged violation of VA Code § 38.2-1802
INS970109 Washington National Insurance Co.
Alleged violation of VA Code § 38.2-610
INS970110 Cruse, Pamela J.
Alleged violation of VA Code § 38.2-512
INS970111 All Auto Insurance Agency
Alleged violation of VA Code §§ 38.2-512, et al.
INS970112 Jarvis, John W.
Alleged violation of VA Code §§ 38.2-1804, 38.2-1813, et al.
INS970113 Burns and Wilcox, Ltd.
Alleged violation of VA Code § 38.2-4806(d)
INS970115 Salla, Richard J.
Alleged violation of VA Code §§ 38.2-512, et al.
INS970116 Bain, Ronald L.
Alleged violation of VA Code §§ 38.2-502.1, et al.
INS970117 Group Hospitalization & Medical Services
Alleged violation of 14 VAC 5-170-10, et seq.
INS970118 Heritage Life Insurance Co.
Alleged violation of VA Code §§ 38.2-3419.1, et al.
INS970119 Kaplan, Paul S.
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970120 Crested Butte Hillside Homes
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970121 Association of Apartment Owners of West Loch Fairways Townhomes
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970122 Life Insurance Co. of Virginia, The
Alleged violations of VA Code §§ 38.2-502.1, et al.
INS970123 Johnson, Michael G. and Michael G. Johnson Insurance Agency, Inc.
Alleged violation of VA Code §§ 38.2-1804, et al.
INS970124 Ex Parte: Rules
Rules governing viatical settlement providers and viatical settlement brokers
INS970125 Confederation Life Insurance Co. (US)
For approval of an assumption reinsurance agreement pursuant to VA Code § 38.2-136.C.II
INS970126 Dominion Dental Services, Inc.
Alleged violation of VA Code §§ 38.2-503, 38.2-4301, et al.
INS970127 Zimmerman, Joanna B. and Zimmerman Insurance Agency
Alleged violation of VA Code §§ 38.2-1804 and 38.2-1813
INS970128 Integon General Insurance Corp., et al.
Alleged violation of VA Code § 38.2-1812
INS970129 Agricultural Insurance Company
Alleged violation of VA Code § 38.2-1906
INS970130 United States Fire Insurance Co.
Alleged violation of VA Code § 38.2-317
INS970132 Assurance Company of America
Alleged violation of VA Code § 38.2-1906

INS970133 Fidelity & Guaranty Insurance Co.
Alleged violation of VA Code § 38.2-1906

INS970134 Fidelity & Guaranty Insurance Underwriters, Inc.
Alleged violation of VA Code § 38.2-1906

INS970135 American Alliance Insurance
Alleged violation of VA Code § 38.2-1906

INS970136 Great American Insurance Co.
Alleged violation of VA Code § 38.2-1906

INS970137 American National Fire Insurance Co.
Alleged violation of VA Code § 38.2-1906

INS970138 United States Fidelity & Guaranty Insurance Co.
Alleged violation of VA Code § 38.2-1906

INS970139 Maryland Casualty Company
Alleged violation of VA Code § 38.2-1906

INS970140 Bracken, Mary C. and Newton Insurance Agency, Inc.
Alleged violation of VA Code §§ 38.2-1804, et al.

INS970141 White, Sr. Billy R.
Alleged violation of VA Code §§ 38.2-1804, 38.2-1809, et al.

INS970142 Insurance Billing Services, Inc.
Alleged violation of VA Code § 38.2-4707

INS970143 Strand Insurance Finance Co.
Alleged violation of VA Code § 38.2-4707

INS970144 Gibbons, Deon Eugene
Alleged violation of VA Code §§ 38.2-502, et al.

INS970145 Allen-Spencer, Paula and Americans Insurance Agency, Inc.
Alleged violation of VA Code §§ 38.2-1804, 38.2-1809, et al.

INS970146 Onhaizer, Jr. Jerry Eugene
Alleged violation of VA Code §§ 38.2-1813, et al.

INS970147 Roanoke Brokerage Services, Inc.
Alleged violation of VA Code § 38.2-1802

INS970148 Hopkinson, Thomas S.
Alleged violation of VA Code §§ 38.2-512, et al.

INS970149 Progressive Casualty Insurance Co.
Alleged violation of VA Code §§ 38.2-305, et al.

INS970150 Progressive Northwestern Insurance Co.
Alleged violation of VA Code §§ 38.2-231, et al.

INS970151 Mamsi Life & Health Insurance Co.
Alleged violation of VA Code §§ 38.2-502.1, et al.

INS970152 Reliance National Insurance Co.
Alleged violation of VA Code § 38.2-1833

INS970153 Davis, Gwendolyn H. and Bayside Insurance Associates, Inc.
Alleged violation of VA Code § 38.2-1813

INS970154 Ex Parte: Rules
In matter of adopting rules governing settlement agents

INS970155 Barnes, Maria Y.
For issuance of an order revoking defendant's license

INS970156 Celtic Life Insurance Company
Alleged violation of VA Code § 38.2-610

INS970157 Quaker City Insurance Company
To eliminate impairment and restore surplus to minimum amount required by law

INS970158 Ex Parte: Rates
Adoption of adjusted prima facie rates for credit life insurance

INS970159 Nations Title Insurance of New York, Inc.
To eliminate impairment and restore surplus to minimum amount required by law

INS970160 First Colony Life Insurance Company
Alleged violations of VA Code §§ 38.2-502.1, et al.

INS970161 AFCO Credit Corporation
Alleged violation of 14 VAC 5-390-60 A of Rules Governing Premium Finance Companies

INS970162 Prime Rate Premium Finance Corp., Inc.
Alleged violation of 14 VAC 5-390-60 of Rules Governing Premium Finance Companies

INS970163 National IPF Company
Alleged violation of 14 VAC 5-390-60 A of Rules Governing Premium Finance Companies

INS970164 Ex Parte: Refunds
In the matter of refunding overpayments of Fire Programs Fund assessment based on direct gross premium income of insurance companies for assessable year 1996

INS970165 Ex Parte: Refunds
In the matter of refunding overpayments of Flood Prevention and Protection Assistance Fund assessment based on direct gross premium income of insurance companies for assessable year 1996

INS970166 Ex Parte: Refunds
In the matter of refunding overpayments of Help Eliminate Automobile Theft (HEAT) Fund assessment based on the direct gross premium income of insurance companies for assessable year 1996

INS970167 Capitalcare, Inc.
Alleged violation of 14 VAC 5-210-60A, subsection 3 and VA Code § 38.2-4307

INS970168 Clay, Billy L.
Alleged violation of VA Code §§ 38.2-502.6, et al.

INS970169 Smith, Wayne L.
Alleged violation of VA Code §§ 38.2-502.6, et al.

INS970170 Settlers Life Insurance Co.
Alleged violation of VA Code §§ 38.2-1323

INS970171 Hassell, Donnell L.
Alleged violation of VA Code §§ 38.2-512, et al.

INS970172 Marsh & McLennan, Inc. of Texas
Alleged violation of VA Code § 38.2-1802

INS970173 Acacia National Life Insurance Co.
For approval of a corporate reorganization

INS970174 Richardson, Danny W.
Alleged violation of VA Code § 38.2-512

INS970175 Phlegar, Frederick L.
Alleged violation of VA Code §§ 38.2-502.1, 38.2-503, et al.

INS970176 Adams, Roger L.
Alleged violation of VA Code §§ 38.2-512, et al.

INS970177 Belk, II James P.
Alleged violation of VA Code §§ 38.2-502, et al.

INS970178 Southern Farm Bureau Life Insurance Co.
Alleged violation of VA Code § 38.2-610

INS970179 Security Life of Denver Insurance Co.
Alleged violation of 14 VAC 5-40 et seq.

INS970180 Grasty, Raeburn S.
Alleged violation of VA Code § 38.2-1813

INS970181 Carroll, Michael and Sylvana
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal

INS970182 Lunn Limited
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal

INS970183 Trigny Corporation
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal

INS970184 Ex parte: Refunds
In the matter of refunding overpayments of assessment for maintenance of Bureau of Insurance on direct gross premium income of insurance companies for assessable year 1996

INS970185 Capitalcare, Inc.
Alleged violation of VA Code § 38.2-4311 A

INS970186 Aetna Health Plans of the Mid-Atlantic, Inc.
Alleged violation of VA Code § 38.2-4311 A

INS970187 George Washington University Health Plan, Inc.
Alleged violation of VA Code § 38.2-4311 A

INS970188 United Healthcare of the Mid-Atlantic, Inc.
Alleged violation of VA Code § 38.2-4311 A

INS970189 Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
Alleged violation of VA Code § 38.2-4307.1 and 14 VAC 5-270-40

INS970190 Southern Health Services, Inc.
Alleged violation of VA Code § 38.2-4307.1

INS970191 United Optical of Virginia, Inc.
Alleged violation of VA Code §§ 38.2-4307.1, et al.

INS970192 Sentara Health Plans, Inc.
Alleged violation of 14 VAC 5-270-40

INS970193 Optima Health Plan
Alleged violation of 14 VAC 5-270-40

INS970194 United Healthcare
Alleged violation of VA Code §§ 38.2-4307.1, et al.

INS970195 Movaghari, Ali and Metro Risk Management Group, Inc.
Alleged violation of VA Code § 38.2-1813

INS970196 Horne, Stacy O.
Alleged violation of VA Code §§ 38.2-310, et al.

INS970197 Marriott Senior Living Services
Alleged violation of VA Code § 38.2-4904

INS970198 Marriott Senior Living Services
Alleged violation of VA Code § 38.2-4904

INS970199 Kelly, James B.
Alleged violation of VA Code §§ 38.2-512, et al.

INS970200 Union Insurance Company
Alleged violation of VA Code §§ 38.231, et al.

INS970201 National Council Compensation Insurance
For revision of advisory loss costs and assigned workers' compensation rates

INS970202 Home Owners Warranty Corp. (Council) of Houston, Texas, Inc.
For consolidation of cases

INS970203 Wilder, Bernard S.
Alleged violation of VA Code §§ 38.2-502, et al.

INS970204 Insurance Co. of the State of Pennsylvania, The
Alleged violation of VA Code §§ 38.2-1906, et al.

INS970205 Preferred Employers Group, Inc.
Alleged violation of VA Code § 38.2-1822

INS970207 Willis, Ben M .
Alleged violation of VA Code §§ 38.2-1813, et al.

INS970208 Bolds, Arthur Lee
For issuance of an order revoking defendant's license

INS970209 Ex Parte: Rules
In matter of adopting revised rules governing new annuity mortality tables for use in determining reserve liabilities of annuities

INS970210 Metropolitan Life Insurance Co.
Alleged violation of VA Code § 38.2-610

INS970212 Mid-Continent Life Insurance Company
For suspension of license pursuant to VA Code § 38.2-1040

INS970213 Walls, Willys Elaine
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal

INS970214 Bradner, James P. and The Chesapeake Agency, Ltd.
Alleged violation of VA Code § 38.2-1813

INS970215 Principal Health Care of the Mid-Atlantic, Inc.
Alleged violation of 14 VAC 5-210-50 (C)(1)

INS970216 Fort Washington Holdings, Inc.
For approval to acquire Hamilton Insurance Company

INS970217 Hludzinski, Edward Michael and Express Auto & Cycle Insurance Agency, Inc.
Alleged violation of VA Code § 38.2-1813

INS970218 Hensley, Lucius W.
Alleged violation of VA Code §§ 38.2-1804 and 38.2-1813

INS970219 Tyler, Wendell P. and Vanessa C.
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal

INS970220 Old Line Life Insurance Co. of America
Alleged violation of VA Code § 38.2-610

INS970221 Ex parte: Refunds
In the matter of refunding overpayments of premium license tax on direct gross premium income of insurance companies for 1996

INS970222 Brown, Philip H. and Marketpoint Insurance Group Agency
Alleged violation of VA Code §§ 38.2-1813, et al.

INS970223 Reliance National Insurance Co.
Alleged violation of VA Code § 38.2-1906

INS970224 Ex parte: Refunds
In the matter of refunding of overpayments of assessment for maintenance of Bureau of Insurance on direct gross premium of surplus lines brokers for 1996

INS970225 Ex parte: Refunds
In the matter of refunding of overpayments of premium license tax on direct gross premium income of surplus lines brokers for 1996

INS970226 John Hancock Mutual Life Insurance Co.
Alleged violation of VA Code §§ 38.2-502, et al.

INS970227 Philadelphia Life Insurance Co.
Alleged violation of VA Code § 38.2-610

INS970229 LMI Insurance Company
For suspension of license pursuant to VA Code § 38.2-1040

INS970230 Powell Insurance Agency of Virginia
Alleged violation of VA Code §§ 38.2-1804, et al.

INS970231 Gruse, Jeffrey
Alleged violation of VA Code §§ 38.2-1804, et al.

INS970232 Beer, Cora Sue
Alleged violation of VA Code §§ 38.2-1822, et al.

INS970233 Fattaleh, Mae Anne
Alleged violation of VA Code §§ 38.2-1813 and 38.2-2015

INS970234 Ewing, Mark A.
Alleged violation of VA Code §§ 38.2-1800.1, et al.

INS970235 Gideon, Delbert and Glenda
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal

INS970236 Giannoulas, Theodore and Mara
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal

INS970237 Lawrence, Robert S.
Alleged violation of VA Code §§ 38.2-1813, et al.

INS970238 Kaiser Permanente Insurance Co.
Alleged violation of VA Code §§ 38.2-1300, et al.

INS970239 Martin, II William Robert
Alleged violation of VA Code § 38.2-1813

INS970240 Gorab, Glenn N.
For review of Deputy Receiver's actions
INS970241 Crested Butte Hillside Homes, Inc.
For review of Deputy Receiver's actions
INS970242 Mission Viejo Company
For review of Deputy Receiver's actions
INS970243 Lenke, Roger and Joanne
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970244 Puckett, Jr. Roger Lee
Alleged violation of VA Code § 38.2-1813A
INS970245 Wheal, Gregory J.
Alleged violation of VA Code §§ 38.2-502, et al.
INS970246 Waller, Howard T.
Alleged violation of VA Code § 38.2-512
INS970247 Bolds, Arthur Lee
For reinstatement of agent's license to do business as an insurance agent in Virginia
INS970248 Devlin, Richard and Marie
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970249 Brighton Homes
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970250 Allstate Life Insurance Co.
Alleged violation of VA Code § 38.2-610
INS970251 State Mutual Insurance Co.
Alleged violation 14 VAC 5-40 et seq.
INS970252 Edgerton, Gary R.
Alleged violation of VA Code §§ 38.2-502, et al.
INS970253 Gordon, Samuel M.
Alleged violation of VA Code §§ 38.2-502, et al.
INS970254 Metropolitan Life Insurance Co.
Alleged violation of VA Code §§ 38.2-1812, et al.
INS970255 Raiford, Robert E.
Alleged violation of VA Code §§ 38.2-1812, et al.
INS970256 Cook, Timothy G.
Alleged violation of VA Code §§ 38.2-502.1, et al.
INS970257 Banks, Ladds and Kathleen
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970258 Gunter, Bradley H., et al.
For formal hearing on request for waiver of insurance continuing education requirements
INS970259 Laughlin, David
For review of Deputy Receiver's actions
INS970260 Lewis Gerald E.
Alleged violation of VA Code § 38.2-1813.A
INS970261 First American Title Insurance Co.
Alleged violation of VA Code §§ 38.2-1812, et al.
INS970262 American Eagle Insurance Co.
For suspension of license pursuant to VA Code § 38.2-1040
INS970263 Erie Insurance Exchange
Alleged violation of VA Code § 38.2-317
INS970264 First Liberty Insurance Corp.
Alleged violation of VA Code § 38.2-1906
INS970265 Liberty Mutual Fire Insurance Co.
Alleged violation of VA Code § 38.2-1906
INS970267 Prudential P&C Insurance Co.
Alleged violation of VA Code § 38.2-317
INS970268 Universal Underwriters Insurance Co.
Alleged violation of VA Code § 38.2-2014
INS970269 Swecker, William and Swecker, Inc. t/a Shenandoah Insurance Agency
Alleged violation of VA Code §§ 38.2-512, et al.
INS970270 Abbott, Daniel A. and Beneficial Insurance Agency, Inc.
Alleged violation of VA Code §§ 38.2-514.1, et al.
INS970271 Virginia Lutheran Homes, Inc.
Alleged violation of VA Code § 38.2-4900
INS970272 Sentara Health System
Alleged violation of 14 VAC 5-210-50 C
INS970273 Sentara Health Plans, Inc.
Alleged violation of 14 VAC 5-210-50 C
INS970274 Burke, Sallie and J.A. Burke & Co.
Alleged violation of VA Code §§ 38.2-1812 and 38.2-1813
INS970275 Qualchoice of Virginia Health
Alleged violation of VA Code §§ 38.2-4037.1, et al.
INS970276 Denticare of Virginia
Alleged violation of VA Code § 38.2-316

INS970277 Peninsula Health Care, Inc.
Alleged violation of VA Code §§ 38.2-502, et al.
INS970278 Reliance Group Holdings, Inc.
For acquisition of stock of Lawyers Title Insurance
INS970279 Smith, Charles R.
Alleged violation of VA Code §§ 38.2-512 and 38.2-3103
INS970280 Powers, Charles A.
Alleged violation of VA Code §§ 38.2-502, et al.
INS970281 Widener, Jimmy A.
Alleged violation of VA Code §§ 38.2-502, et al.
INS970282 Aetna U.S. Healthcare, Inc.
Alleged violation of VA Code §§ 38.2-502, et al.
INS970283 Vada Group Self-Insurance Association
Alleged violation of 14 VAC 5-370-50
INS970284 Sedgwick James of Washington
Alleged violation of VA Code §§ 38.2-4806, et al.
INS970285 Alexander Howden of North America
Alleged violation of VA Code § 38.2-4806
INS970286 Willis Corroon Corp. of New York
Alleged violation of VA Code §§ 38.2-4806, et al.
INS970287 Mesirow Financial, Inc.
Alleged violation of VA Code § 38.2-4806
INS970288 Kuethe, Linda D.
Alleged violation of VA Code § 38.2-512
INS970289 Kansas City Life Insurance
Alleged violation of 14 VAC 5-40-10, et seq.
INS970290 Stangroom, Donna M.
Alleged violation of VA Code §§ 38.2-502, et al.
INS970291 American Chambers Life Insurance Co.
For suspension of license pursuant to VA Code § 38.2-1040
INS970292 Krause, Patricia
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970293 M D C Holdings Inc. and Richmond American
For review of actions taken by Deputy Receiver
INS970294 Kirby Jr., Garnett E.
Alleged violation of VA Code § 38.2-1813
INS970295 M D C Holdings, Inc.
For review of Deputy Receiver's actions
INS970296 Mayfield Jr., Reuben and M&M Insurance Agency, Inc.
Alleged violation of VA Code §§ 38.2-310, et al.
INS970297 Carolina Casualty Insurance Co.
Alleged violation of VA Code §§ 38.2-231, et al.
INS970298 Smith, Frederick and Meifong
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970299 Marino Homebuilders, Inc.
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970300 Priority Health Care, Inc.
Alleged violation of VA Code §§ 38.2-4301 A, et al.
INS970301 Wang Engineering, Inc.
For review of Deputy Receiver's actions
INS970302 London, Tony C.
Alleged violation of VA Code § 38.2-502
INS970303 Kidd Jr., G. Joseph
Alleged violation of VA Code §§ 38.2-502, et al.
INS970304 Celtic Life Insurance Company
Alleged violation of VA Code §§ 38.2-3419.1, et al.
INS970305 Cobb, Joseph
Alleged violations of VA Code § 38.2-613
INS970306 Taylor, David O.
Alleged violation of VA Code §§ 38.2-512, et al.
INS970307 Matternas, John J. and Intercorp Marketing and Management
Alleged violation of VA Code §§ 38.2-1822 and 38.2-1812
INS970308 Andreatos, Jerry G.
Alleged violation of VA Code §§ 38.2-502, et al.
INS970309 Geico General Insurance Co.
Alleged violation of VA Code § 38.2-2005
INS970311 West American Insurance Co.
Alleged violation of VA Code § 38.2-1906
INS970312 Government Employees, Inc.
Alleged violation of VA Code § 38.2-2005
INS970313 Mutual Service Casualty Insurance Co.
Alleged violation of VA Code §§ 38.2-317 and 38.2-1906

INS970314 Ohio Casualty Insurance Co, The
Alleged violation of VA Code § 38.2-1906
INS970315 Erie Insurance Exchange & Erie Insurance Co.
Alleged violation of VA Code §§ 38.2-228, 38.2-231, et al.
INS970316 Southern Insurance Co. of Virginia
Alleged violation of VA Code §§ 38.2-231, et al.
INS970317 St. Paul Fire & Marine
Alleged violation of VA Code §§ 38.2-231, et al.
INS970318 Great American Insurance Co.
Alleged violation of VA Code §§ 38.2-1822 and 38.2-1812
INS970319 Harris, Ralph L.
Alleged violation of VA Code §§ 38.2-1813, et al.
INS970320 Omni Insurance Group
Alleged violation of VA Code § 38.2-1812
INS970321 Midwest Mutual Insurance Co.
Alleged violation of VA Code § 38.2-1812
INS970322 Peterson, John M. and Crown Insurance Agency
Alleged violation of VA Code § 38.2-1813
INS970323 Hudson, John W. and Hudson-Blunt Insurance Agency
Alleged violation of VA Code §§ 38.2-512, et al.
INS970324 Tennyson, Franklin R.
Alleged violation of VA Code § 38.2-1805
INS970325 Ex Parte: Refunds
In the matter of refunding overpayments of assessment for maintenance of Bureau of Insurance on direct gross premium of insurance companies for assessable year 1996
INS970326 Ex Parte: Refunds
In the matter of refunding overpayments of premium license tax on direct gross premium income of insurance companies for taxable year 1995
INS970327 Ex Parte: Refunds
In the matter of refunding overpayments of premium license tax on direct gross premium income of insurance companies for taxable year 1996
INS970328 Mid-West Life Insurance Co. of Tennessee
Alleged violation of 14 VAC 5-90-10, et seq.
INS970330 Mega Life and Health Insurance Co.
Alleged violation of 14 VAC 5-90-10, et seq.
INS970331 PFL Life Insurance Co.
Alleged violation of VAC 5-90-10, et seq.
INS970332 Schaeffer, Miriam A.
Alleged violation of VA Code §§ 38.2-1813, et al.
INS970333 Baba, Robert
Alleged violation of VA Code § 38.2-1822
INS970334 Kelsoe, Robert and Associated Benefits and Insurance Services, Inc.
Alleged violation of VA Code §§ 38.2-1813, et al.
INS970335 National IPF Company
Alleged violation of 14 VAC 5-390-70
INS970336 Delta Dental Plan of Virginia
Alleged violation of VA Code §§ 38.2-503, et al.
INS970337 Camper, Leslie Wayne
Alleged violation of VA Code §§ 38.2-1813, 38.2-1804, 38.2-1822 and 38.2-1809
INS970338 Franson, Gerald E. and Gerald E. Franson Insurance Agency, Inc.
Alleged violation of VA Code §§ 38.2-1813 and 38.2-1804
INS970339 Allred-Mahoney, Susan R. and Nations Insurance Agency of Virginia, Inc.
Alleged violation of VA Code §§ 38.2-1809 and 38.2-1813
INS970340 Lapinski, James F.
Alleged violations of VA Code §§ 38.2-502, et al.
INS970341 Standard Life Insurance Co. of Indiana
Alleged violation of VA Code §§ 38.2-1812, et al.
INS970342 Sherrill, Barbara
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970343 Denson, Louisa Young
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970344 Greenhill, Lessie M. Moy
Alleged violation of VA Code §§ 38.2-512, et al.
INS970345 Harvey, Jesse Keith
Alleged violations of VA Code § 38.2-1826
INS970346 Miller, Donald F.
Alleged violation of VA Code §§ 38.2-502 and 38.2-1813
INS970347 Ex Parte: Assessment
Assessment upon certain companies and surplus lines brokers to pay expense of Bureau of Insurance for calendar year 1998
INS970348 Champion Title & Settlements, Inc.
Alleged violation of VA Code § 38.2-4614

INS970349 Stopchinski, Mark
Alleged violations of VA Code §§ 38.2-502, 38.2-503, 38.2-512 and 38.2-1808
INS970350 Mitchell, George T.
Alleged violations of VA Code § 38.2-512
INS970351 Massachusetts Casualty Insurance
Alleged violation of VA Code § 38.2-3419.1 and 14 VAC 5-190-50
INS970352 Commonwealth Dealers Life Insurance
Alleged violation of VA Code § 38.2-3419.1 and 14 VAC 5- 190-50
INS970353 Dobson, John F. and John F. Dodson Insurance Agency, Inc.
Alleged violation of VA Code §§ 38.2-1801, et al.
INS970354 Nations Title Insurance Co. of New York
To eliminate impairment and restore surplus to minimum amount required by law
INS970355 Williams, Jimmie Lee
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970356 Mission Viejo Company
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970357 Town Pointe Condominium
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970358 Buchanan, Billie J. and Cannon Insurance Group, Inc.
Alleged violations of VA Code §§ 38.2-1804, et al.
INS970359 ARDC Corporation
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970360 Jones, John L.
Alleged violation of VA Code §§ 38.2-503, et al.
INS970361 NYLCare Health Plans of the Mid-Atlantic, Inc.
Alleged violations of VA Code §§ 38.2-316 and 38.2-4306 A 2
INS970362 Partners National Health Plans of North Carolina, Inc.
Alleged violations of VA Code §§ 38.2-316 A, et al.
INS970363 Martin, Jerry Lawton
Alleged violations of VA Code § 38.2-1831
INS970364 Corson, Chris and Carol
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970365 Gehl, Harris and Vera
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970366 Bullington, W. Bruce and Patricia
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970367 Stuedemann, Jeffrey and Deborah
For review of HOW Insurance Co., et al. Deputy Receiver's determination of appeal
INS970368 National Allied Health Service, Inc.
For issuance of an order revoking defendant's license

PST: DIVISION OF PUBLIC SERVICE TAXATION

PST970001 Old Dominion Electric Cooperative
For declaratory judgment
PST970002 Old Dominion Electric Cooperative
For correction of assessments of gross receipts taxes and for refund - tax year 1997
PST970003 Pelham Manor Water Supply Co.
Alleged violation of VA Code § 58.1-2628
PST970004 Commonwealth Gas Services, Inc.
For abatement and exoneration of assessment of addition to estimated tax for 1997

PUA: DIVISION OF PUBLIC UTILITY ACCOUNTING

PUA970001 Central Telephone Co. of Virginia
For approval of renewal of operator services agreement with Carolina Telephone
PUA970002 MCI Communications Corp.
For approval of acquisition of control of MCI/MCIMetro by Concert PLC
PUA970003 Central Virginia Electric Cooperative
For approval of transactions with affiliate
PUA970004 Shenandoah Telephone Company
For authority to make short term loans to parent company
PUA970005 Virginia Natural Gas, Inc.
For approval of incidental storage gas purchase transaction with Hope Gas, Inc.
PUA970007 Virginia Electric & Power Co.
For approval of transactions with an affiliate
PUA970008 Delmarva Power & Light Co. and Conectiv, Inc.
For approvals under VA Code § 56-88.1 and Chapter 4
PUA970010 Delmarva Power & Light Co.
For approval of transactions with Conectiv Communications Inc.
PUA970012 Northern Virginia Electric Cooperative
For approval of affiliate transactions

PUA970013 CFW Telephone Company
For approval to transfer coin telephone equipment to an affiliate, CFW Network
PUA970014 Commonwealth Gas Services, Inc.
For approval of affiliate agreement
PUA970018 Virginia Electric & Power Co. and VPS
For approval of affiliate transactions
PUA970019 Washington Gas Light Company
For authority to engage in affiliate transactions
PUA970020 GTE South Incorporated
Alleged violations of the affiliates act
PUA970021 GTE South Incorporated, et al.
For approval of an affiliate agreement with GTE Card Services Inc. d/b/a GTE Long Distance
PUA970022 GTE South Incorporated, et al.
For approval of an affiliate agreement
PUA970023 Peoples Mutual Telephone Co.
For approval to lease a parcel of land from E. B. Fitzgerald, III, Trustee
PUA970024 GTE South Incorporated and GTE Card Services
For approval of an affiliate agreement
PUA970025 GTE South Incorporated
For approval of ChoiceBilling Services Agreement
PUA970026 Virginia Electric & Power Co.
For approval of transactions with affiliate, Virginia Power Nuclear Services Co.
PUA970027 Commonwealth Gas Services, Inc.
For exemption under VA Code § 56-77(A)
PUA970028 GTE South Incorporated and GTE Telecom, Inc.
For continued approval of an affiliate agreement with GTE Telecom Inc.
PUA970029 Virginia Natural Gas, Inc.
For approval to contract to provide services to affiliate as pipeline developer
PUA970030 Delmarva Power & Light Co.
For approval of provision of certain services to limited liability company
PUA970032 GTE South Incorporated and GTE Data Services
For approval of an amendment to the affiliate agreement
PUA970034 Worldcom Inc. and MFS Intelenet
For authority to reorganize and for related transactions
PUA970035 Appalachian Power Company
For approval of affiliate transactions
PUA970036 Appalachian Power Company
For approval to operate and maintain Sporn plant jointly owned with Ohio Power
PUA970037 GTE South Incorporated
For approval of amendment to CMRS *Star Information Plus Service Agreement with GTE North, et al.
PUA970038 GTE South Incorporated
For approval of an affiliated agreement
PUA970039 Delmarva Power & Light Company
For approval of affiliate transactions
PUA970040 Delmarva Power & Light Co.
For approval of an affiliate services agreement with Support Conectiv
PUA970041 Kentucky Utilities Company
For approval of acquisition of KUC by LG&E Energy Corporation
PUA970043 GTE South Incorporated
For exemption under VA Code § 56-77(B)
PUA970044 Tel-Save, Inc. and Access Virginia, Inc.
For approval of agreement and plan of merger
PUA970045 Delmarva Power & Light Company
For approval of transactions under Chapter 4 of Title 56
PUA970046 Cox Virginia Telcom, Inc.
For disclaimer of jurisdiction or in alternative for approval of transfer of utility assets
PUA970047 Virginia-American Water Co. and American Commonwealth Management Services Co., Inc.
For approval of lease
PUA970048 Kentucky Utilities Co. d/b/a Old Dominion Power Co., et al.
For approval of service agreement
PUA970049 WorldCom, Inc.
For authority to acquire control of MCI Communications Corporation
PUA970050 Virginia Natural Gas, Inc.
For modification of authority
PUA970051 C & P Suffolk Water Company
For approval of acquisition of water supply facilities
PUA970052 WorldCom and MCI Communications
For approval of affiliate transactions
PUA970053 Delmarva Power & Light Company
For approvals under VA Code § 56-88.1 and Chapter 4 of Title 56 of the Code of Virginia
PUA970054 Access Virginia, Inc.
For authority to transfer control of company

PUA970055 Dale Service Corporation
For approval to stock to a second trust, the Second Children's Charitable Trust

PUC: DIVISION OF COMMUNICATIONS

PUC960018 LCI International Worldwide
For certificate to provide local exchange telecommunications services

PUC960025 Preferred Carrier Services of Virginia, Inc.
For certificate to provide local exchange telecommunications services

PUC960107 Intermedia Communications, Inc.
For certificate to provide local exchange and inter-exchange telecommunications services

PUC960135 MCIMetro Access Transmission Services of Virginia, Inc., et al.
For regional implementation of permanent local number portability

PUC960142 Citizens Communications Corporation
For certificate to offer local exchange telecommunications services

PUC960145 Commonwealth Long Distance Co.
For certificate to provide local exchange services in Virginia

PUC960155 Microwave Services, Inc.
For certificate to provide local and interexchange services

PUC960156 AT&T Communications of Virginia
For authority to withdraw its postalized calling plan

PUC960157 Digital Services Corporation
For certificate to provide local and interexchange services

PUC960158 Central Telephone Co. of Virginia
For authority to implement extended local service from Bachelors Hall exchange to Axton exchange

PUC960160 Bell Atlantic-Virginia, Inc.
For approval of statement of terms and conditions under § 252(f) of the Telecommunications Act of 1996

PUC960161 Bell Atlantic-Virginia, Inc.
For guidance on area code relief plan for 703 area code

PUC960162 Bell Atlantic-Virginia, Inc. and Commonwealth Long Distance
For approval of interconnection agreement

PUC960164 Bell Atlantic-Virginia, Inc.
For exemption from physical collocation

PUC970002 Bell Atlantic-Virginia, Inc.
For authority to implement extended local service from Fredricksburg exchange to GTE South's Port Royal exchange

PUC970003 Bell Atlantic-Virginia, Inc.
To implement extended local service from Danville exchange to Sprint/Centel's Axton exchange

PUC970004 Atlantic Telecom, Inc.
For certificate to provide local exchange services

PUC970005 Ex Parte: Prices
To determine prices Bell Atlantic-Virginia, Inc. is authorized to charge Competitive Local Exchange Carriers in accordance with the Telecommunications Act of 1996 and applicable State law

PUC970006 Ex Parte: Prices
To determine prices GTE South, Inc. is authorized to charge Competitive Local Exchange Carriers and wholesale discounts for services available for resale in accordance with the Telecommunications Act of 1996 and applicable State law

PUC970007 GTE South, Inc. and MFS Intelenet of Virginia
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970008 Bell Atlantic-Virginia, Inc.
For authority to implement extended local service from Spotsylvania exchange to Ladysmith exchange

PUC970009 Ex Parte: Toll dialing parity
Ex Parte: Implementation of IntraLATA Toll Dialing Parity pursuant to the provisions of 47 U.S.C. § 251(b)3

PUC970010 Bell Atlantic-Virginia, Inc. and Winstar Wireless
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970011 MGW Telephone Co., Inc.
To amend certificates to reflect new corporate name

PUC970014 Bell Atlantic-Virginia, Inc.
For approval of collocated interconnection tariff

PUC970015 CFW Telephone, Inc.
For approval of transfer of certificates to company's new name

PUC970016 MCI Telecommunications Corporation of Virginia, Inc.
To reduce carrier common line charge to remove deregulated payphone investment from the rates of Bell-Atlantic-Virginia Inc.

PUC970017 Central Telephone Co. of Virginia
To authority to revise General Subscriber Services Tariff

PUC970018 Bell Atlantic-Virginia, Inc. and Hyperion Telecommunications of Virginia
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970019 GTE Telephone Operations
For authority to revise its depreciation rates

PUC970021 GTE South, Inc. and 360 Communications
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970022 Bell Atlantic-Virginia, Inc. and Bell Atlantic Nynex Mobile
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970023 CRG International, Inc.
For certificate to provide local exchange services
PUC970024 Bell Atlantic-Virginia, Inc. and GTE Mobilenet
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC970025 Bell Atlantic-Virginia, Inc. and Richmond Cellular
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC970026 Bell Atlantic-Virginia, Inc. and Washington/Baltimore Cellular L.P.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC970027 Cable & Wireless, Inc.
For certificate to provide local exchange telephone service
PUC970028 Bell Atlantic-Virginia, Inc. and Intermedia Communications, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC970029 Paytel Communications, et al.
To investigate and restructure all tariffs for basic payphone services
PUC970030 US LEC of Virginia LLC
For certificate to provide local exchange telecommunications services
PUC970031 Central Telephone Company of Virginia
For authority to provide notice to Prospect customers of revised ELS proposal
PUC970033 Hyperion Telecommunications
For certificate to provide local exchange services
PUC970035 Bell Atlantic-Virginia, Inc. and 360 Communications Co.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC970037 Bell Atlantic-Virginia, Inc. and KMC Telecom of Virginia, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC970038 Access Virginia, Inc.
For certificate to provide local exchange telecommunications services in Virginia
PUC970039 Bell Atlantic-Virginia, Inc. and AT&T Wireless
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC970040 Pinnacle Telecommunications
For certificate to provide local telecommunication services and inter-exchange services
PUC970043 RCN of Virginia, Inc.
For certificate to provide local exchange telecommunications services
PUC970044 ATX Telecommunications Services
For certificate to provide telecommunications services
PUC970045 Tel-Save Holdings of Virginia, Inc.
For certificate to provide local exchange telecommunications services
PUC970046 Central Telephone Co. of Virginia and Hyperion Telecommunications of Virginia, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC970047 VYVX Of Virginia, Inc.
For certificate to provide interexchange telecommunications services and have rates determined competitively
PUC970048 Bell Atlantic-Virginia, Inc. and Network Access Solutions, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC970049 Bell Atlantic-Virginia, Inc. and Primeco
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC970050 Stickdog Telecom, Inc.
For certificate to provide local exchange telecommunication services
PUC970051 Bell Atlantic-Virginia, Inc. and American PCS
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC970052 Bell Atlantic-Virginia, Inc. and Commonwealth Long Distance Co.
For approval of interconnection agreement addendum under § 252(e) of the Telecommunications Act of 1996
PUC970053 CFW Telephone, Inc.
For adjustment of rates pursuant to small investor-owned telephone utility act
PUC970054 Bell Atlantic-Virginia, Inc. and United States Cellular Corporation
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC970055 Bell Atlantic-Virginia, Inc.
To implement extended local service from Falls Church-McLean exchange to Leesburg exchange
PUC970056 Bell Atlantic-Virginia, Inc.
To implement extended local service from Braddock exchange to Leesburg exchange
PUC970057 Bell Atlantic-Virginia, Inc.
To implement extended local service from Fairfax-Vienna exchange to Leesburg exchange
PUC970058 Bell Atlantic-Virginia, Inc.
To implement extended local service from Alexandria-Arlington exchange to Leesburg exchange
PUC970059 Excel Telecommunications of Virginia
For certificate to provide interexchange telecommunication services
PUC970060 Bell Atlantic-Virginia, Inc. and American Communication Services of Virginia, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996
PUC970061 Mediaone Telecommunications
For authority to amend certificate to reflect new name
PUC970062 Mediaone of Virginia
For authority to amend certificate to reflect new name
PUC970063 Ex Parte: School and library discounts
Ex parte, in re: Establishing schools and libraries discounts pursuant to the Telecommunications Act of 1996

PUC970064 Bell Atlantic-Virginia, Inc. and CFW Network, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970065 United States Navy-Navy Exchange Service Center, Petitioner v. Bell Atlantic-Virginia, Inc., Respondent
For review of determination

PUC970066 Bell Atlantic-Virginia, Inc. and R&B Network, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970067 AT&T Communications of Virginia
For approval of collocation services tariff

PUC970069 Cox Virginia Telcom, Inc.
For enforcement of interconnection agreement

PUC970070 Bell Atlantic-Virginia, Inc. and Virginia Cellular
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970071 GTE South, Inc. (Southwest)
For authority to defer filing of AIF until later date

PUC970072 GTE South, Inc. (Contel)
For authority to defer filing of AIF until later date

PUC970073 United Telephone-Southeast, Inc. and Central Telephone Co. of Virginia
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996 with 360 Communications Co.

PUC970074 VIC-RMTS-DC LLC d/b/a OnePoint Communications
For certificate to provide local exchange telecommunications services

PUC970075 Bell Atlantic-Virginia, Inc. and GTE South, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970079 Gupta, Pawan K. t/a Ace Communications
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970080 Blowe, Willie t/a Blowe's Beauty & Barbar Salon
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970081 Booth Properties, Inc.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970082 O'Donnoghue, Brendan t/a Noble Enterprises
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970083 Dohm, Jr. Carroll E.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970084 Ruffner, Carson M. t/a Carson M. Ruffner Co.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970085 Commonwealth Payphones, Inc.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970086 Wilmore, Jr. Earl M. t/a Overhill Inn
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970087 Robinson, Joe t/a Global Technology Group, Inc.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970088 Kennedy, Sharon and Mark t/a HD Communications
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970089 Integrity Telecommunications, Inc.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970090 Holiday-Hall, Lillie t/a Jalils' Communications, Inc.
Alleged violation of §§ 56-508.15, et al.

PUC970091 Marshall, Jr. Larry F.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970092 Lorusso Investments, Inc.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970093 Moorefield, Mildred t/a McDouglas's Pay Telephone Co., Inc.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970094 Galea, Michael R. t/a MG Telecommunications Co.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970096 Cumberbatch, Ricardo t/a Publicall Corporation
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970097 Radtel, Inc.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970098 Krucelyak, Robert t/a RJK Telecom
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970099 Gass, Charles A. t/a RSM Communications
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970100 Manieri, Paul R. t/a Standard Atlas Communication Services, Inc.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970101 Sway, Inc.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970102 Singleton, David E. t/a Telecenters, Inc.
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970103 Gross, Jr. Alvin E. t/a Public Telephone Co., The
Alleged violation of VA Code §§ 56-508.15, et al.

PUC970104 Central Telephone Co. of Virginia and Bell Atlantic-Virginia, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970105 Centel Virginia and GTE
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970106 United Telephone-Southeast, Inc. and Bell Atlantic-Virginia, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970107 GTE South Incorporated and Sprint/Centel-Virginia
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970108 GTE South Inc., Central Telephone Co. of Virginia, et al.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970109 Bell Atlantic-Virginia, Inc. and Bell South Telecommunications, Inc.
For consideration of Class A interconnection agreements that predate February 8, 1996

PUC970110 Bell Atlantic-Virginia, Inc., Central Telephone Co. of Virginia, et al.
For consideration of Class A interconnection agreements that predate February 8, 1996

PUC970111 Business Telecom of Virginia, Inc.
For certificate to provide local exchange telecommunications services

PUC970112 Telephone Co. of Central Florida
For certificate to provide local exchange telecommunications service

PUC970113 Ex Parte: Investigation
Investigation of termination of local exchange service for failure to pay for long distance services

PUC970114 Bell Atlantic-Virginia, Inc.
To implement extended local service between Waverly exchange and Dendron and Wakefield exchanges of GTE South Inc.

PUC970116 GTE South Incorporated
To implement extended local service from Dulles exchange to Bell Atlantic-Virginia Inc.'s Leesburg exchange

PUC970120 Bell Atlantic-Virginia, Inc.
For authority to implement extended local service from Toano exchange to West Point exchange

PUC970121 Bell Atlantic-Virginia, Inc.
For authority to implement extended local service from Pennington Gap exchange to Lee exchange

PUC970122 Bell Atlantic-Virginia, Inc.
For authority to implement extended local service from Jonesville exchange to Cumberland Gap exchange

PUC970123 Bell Atlantic-Virginia, Inc.
For authority to implement extended local service from Williamsburg exchange to West Point exchange

PUC970124 Teligent of Virginia, Inc.
For certificate to provide service in Virginia

PUC970127 Dynamic Telco Services, Inc.
For certificate to provide local exchange telecommunications services

PUC970129 Bell Atlantic-Virginia, Inc.
For approval of resale agreement with VIC-RMTS-DC, LLC d/b/a OnePoint Communications

PUC970130 GTE South Incorporated and Nextel Communications of the Mid-Atlantic, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970131 TCG Virginia, GTE South, Inc. and MFS Intelenet of Virginia
For adoption of interconnection agreement

PUC970132 Central Telephone Co. of Virginia and United Telephone-Southeast, Inc.
To reclassify intraLATA Toll Services as Competitive Services Pursuant to Paragraph 4 of Alternative Regulatory Plan

PUC970133 United Telephone-Southeast, Inc. and Winstar Wireless of Virginia, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970134 Central Telephone Co. of Virginia and Winstar Wireless of Virginia, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970135 Ex Parte: Requirements
Ex Parte, in re: Implementation of requirements of § 214(e) of the Telecommunications Act of 1996

PUC970137 Cox Virginia Telcom, Inc.
For authority to expand service territory and change name on certificate

PUC970138 GTE South, Inc., GTE Mobilnet of Richmond, Inc., et al.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970139 GTE South, Inc. and AT&T Wireless Services, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunication s Act of 1996

PUC970140 Bell Atlantic-Virginia, Inc. and U.S. Telco, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970141 USN Communications Virginia, Inc.
For certificate to provide local exchange and interexchange telecommunications services

PUC970142 United Telephone-Southeast, Inc. and Central Telephone Co. of Virginia
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996 with GTE Wireless of the South Incorporated

PUC970143 United Telephone-Southeast, Inc. and Central Telephone Co. of Virginia
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996 with Danville Cellular Telecommunications Co. Limited Partnership

PUC970144 United Telephone-Southeast, Inc. and Central Telephone Co. of Virginia
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996 with Virginia RSA 5 Limited Partnership

PUC970145 United Telephone-Southeast, Inc. and Central Telephone Co. of Virginia
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996 with Virginia Cellular Limited Partnership

PUC970146 Ex Parte: Rules
In the matter of revising rules governing service standards for local exchange telephone companies

PUC970147 GTE South Incorporated and MCImetro Access Transmission Services of Virginia, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970148 Bell Atlantic-Virginia, Inc. and US West Interprise America, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970149 Bell Atlantic-Virginia, Inc. and Atlantic Telecom, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970150 Bell Atlantic-Virginia, Inc. and USA Exchange LLC
For approval of resale agreement

PUC970151 Total-Tel of Virginia, Inc.
For certificate to resell local exchange telephone services

PUC970152 Group Long Distance of Virginia, Inc.
For certificate to resell local exchange telephone services

PUC970155 Easy Tel, Inc.
For certificate to provide local exchange telecommunications service

PUC970156 Bell Atlantic-Virginia, Inc. and Stickdog Telecom, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970157 Frontier Telmanagement LLC
For certificate to provide local exchange telephone services

PUC970158 Bell Atlantic-Virginia, Inc.
To implement extended local service from Wise exchange to Appalachia exchange

PUC970160 Bell Atlantic-Virginia, Inc. and Nextel Communications of the Mid-Atlantic, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970162 Bell Atlantic-Virginia, Inc. and Netel, Inc. d/b/a Tel3
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970163 Bell Atlantic-Virginia, Inc. and Jones Telecommunications of Virginia, Inc.
For approval of amended and restated interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970164 Bell Atlantic-Virginia, Inc. and Tie Communications, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970165 Bell Atlantic-Virginia, Inc. and Teligent L.L.C.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970166 Ex Parte: Changes Universal Service Support
Ex Parte, in re: consideration of changes in universal service support for low-income customers as required by federal regulations

PUC970167 Bell Atlantic-Virginia, Inc.
For authority to implement additional community choice plan routes

PUC970168 Central Telephone Co. of Virginia and United Telephone-Southeast, Inc.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996 with U.S. Telco Incorporated

PUC970169 Bell Atlantic-Virginia, Inc. and LCI International Telecom Corp.
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970170 Mid-Atlantic Telephone Co.
For certificates to provide local exchange and interexchange telecommunication services

PUC970171 Central Telephone Co. of Virginia and CFW Network, Inc.
For approval interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970172 Bellsouth BSE of Virginia, Inc.
For certificate to provide interexchange and local exchange services

PUC970173 Ex Parte: Rules
In matter of revising rules for Pay Telephone Service and Instruments pursuant to the Pay Telephone Registration Act

PUC970176 GTE South Incorporated and United States Cellular
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970178 First Regional Telecom LLC
For certificate to provide local exchange services

PUC970179 Ntel Communications LLC
For authority to provide intrastate resold local telecommunications services

PUC970180 Bell Atlantic-Virginia, Inc. and Frontier Telemanagement, Inc.
For approval of resale agreement

PUC970183 GTE South, Inc. and Teligent of Virginia
For approval interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970185 Bell Atlantic-Virginia, Inc.
To implement extended local service between Honaker exchange and Oakwood exchange

PUC970186 Bell Atlantic-Virginia, Inc. and Spartan Debt Services Corporation
For approval of interconnection agreement under § 252(e) of the Telecommunications Act of 1996

PUC970187 Central Telephone Co. of Virginia
To implement extended local service from Burkeville exchange to Victoria exchange

PUC970190 Bell Atlantic-Virginia, Inc.
To implement extended local service from Richmond exchange to Powhatan exchange

PUC970191 Bell Atlantic-Virginia, Inc.
To implement extended local service from Petersburg exchange to McKenney exchange

PUC970192 Bell Atlantic-Virginia, Inc.
To implement extended local service from Fredericksburg exchange to Brokenburg exchange

PUC970193 Bell Atlantic-Virginia, Inc.
To implement extended local service from Lynchburg exchange to Hurt exchange

PUC970194 Central Telephone Co. of Virginia
To implement extended local service from Blackstone exchange to Victoria exchange

PUE: DIVISION OF ENERGY REGULATION

PUE96035	High Knob Associates, et al. For approval to transfer certificate
PUE960360	Northern Virginia Electric Cooperative For certificate authorizing construction and operation of transmission lines
PUE960363	Appalachian Power Company For approval to implement advanced time-of-day rate experiment
PUE960365	Appalachian Power Company For authority to revise its fuel factor
PUE960366	Commonwealth Public Service Corp. Annual informational filing
PUE970001	Appalachian Power Company For authority to revise its cogeneration rates
PUE970002	Washington Gas Light Co. Alleged violation of Gas Pipeline Safety Act
PUE970003	Potomac Edison Co., The For authority to revise its fuel factor
PUE970004	Northern Virginia Plumbing & Mechanical, Inc. Alleged violation of VA Code § 56-265.24 A
PUE970005	A & W Contracting Corporation Alleged violation of VA Code § 56-265.17 A
PUE970006	Branch Group Inc., The Alleged violation of VA Code § 56-265.17 B
PUE970007	D. A. Foster Co. Alleged violation of VA Code § 56-265.17 B
PUE970008	Hall Mechanical & Associates, Inc. Alleged violation of VA Code § 56-265.17 C
PUE970009	Ivy H. Smith Co. Alleged violation of VA Code § 56-265.24 A
PUE970010	William E. Foley & Sons, Inc. Alleged violation of VA Code § 56-265.17 B
PUE970011	Leo Construction Co. Alleged violation of VA Code § 56-265.17 C
PUE970012	W. R. Hall, Inc. Alleged violation of VA Code § 56-265.24 A
PUE970013	Norfolk Southern Corporation Alleged violation of VA Code § 56-265.17 A
PUE970014	Dri Rite, Inc. Alleged violation of VA Code § 56-265.17 A
PUE970015	Canterbury Masonry Alleged violation of VA Code § 56-265.17A
PUE970016	Counts & Dobyns Alleged violation of VA Code § 56-265.17 A
PUE970017	Roto-Rooter Sewer-Drain Service Alleged violation of VA Code § 56-265.17 A
PUE970018	Art Ray Corporation Alleged violation of VA Code § 56-265.17 A
PUE970019	Dwyer Service Corporation Alleged violation of VA Code § 56-265.17 A
PUE970020	NC Utility Services Alleged violation of VA Code § 56.265.19 A
PUE970021	APAC - Virginia, Inc. Alleged violation of VA Code § 56-265.24 F
PUE970022	Plumbing Specialists, Inc. Alleged violation of VA Code § 56-265.17 B
PUE970023	Commonwealth Gas Services, Inc. Alleged violation of VA Code § 56-265.19 A
PUE970024	Virginia Gas Pipeline Co. For issuance of certificate to construct, own and operate intrastate pipeline
PUE970025	Virginia Gas Distribution Co. For cancellation and reissuance of certificate pursuant to Utility Facilities Act
PUE970027	Country Club Hills Residents v. South Anna Service Corporation For a hearing pursuant to the Small Water or Sewer Public Utility Act
PUE970029	Delmarva Power For approval of the new meter sample testing plan
PUE970030	Smith Mountain Water Co. For cancellation of Certificate No. W-261A
PUE970031	Utilx Corporation Alleged violation of VA Code § 56-265.24 A

PUE970032 Atlas Plumbing & Mechanical, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970033 Virginia Electric & Power Co.
Alleged violation of VA Code § 56-265.24 A
PUE970034 W. S. Lambert Companies
Alleged violation of VA Code § 56-265.17 B
PUE970035 Northern Virginia Electric Cooperative
Alleged violation of VA Code § 56-265.17 C
PUE970036 W. B. Hopke Company, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970037 Lobo Construction Company
Alleged violation of VA Code § 56-265.24 A
PUE970038 Miller & Comer Construction Co.
Alleged violation of VA Code § 56-265.17 C
PUE970039 Kauffman Group, Inc., The
Alleged violation of VA Code § 56-265.17 A
PUE970040 NOCUTS, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970041 J. E. Jamerson & Sons, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970042 Echols Brothers, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970043 Tidewater Underground Communications, Inc.
Alleged violation of VA Code § 56-265.24 B
PUE970044 Lineal Industries
Alleged violation of VA Code § 56-265.17 B
PUE970045 Agee, J. L.
Alleged violation of VA Code § 56.265.17 A
PUE970046 Rockbridge Rural Water Agency, Inc.
For cancellation of Certificate No. W-172
PUE970048 Branch Highways, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970049 Southwest Construction, Inc. t/a Underground Detection Services
Alleged violation of VA Code § 56-265.19 A
PUE970050 Bennett's Nursery, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970051 Arbor Landscapers, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970052 Dustin Construction, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970053 R. M. Soderquist, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970054 Air Power, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970055 Harris, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970056 W. P. Donaldson & Sons, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970057 Eric Nelson Construction
Alleged violation of VA Code § 56-265.17 A
PUE970058 Virginia Natural Gas, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970059 United Cities Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970060 A & W Contractors, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970061 Hercules Fence
Alleged violation of VA Code § 56-265.17 B
PUE970062 Allegheny Construction Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970063 American Trenching
Alleged violation of VA Code § 56-265.24 A
PUE970064 Stackhouse, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970065 Tidewater Utility Construction, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970066 Utilx Corporation
Alleged violation of VA Code § 56-265.24 A
PUE970067 W. L. Cummings Plumbing & Heating Corporation
Alleged violation of VA Code § 56-265.24 A
PUE970068 Saunders Contracting Services, Inc.
Alleged violation of VA Code § 56-265.24 A

PUE970069 Burwil Construction Company
Alleged violation of VA Code § 56-265.24 A
PUE970070 N.J.P. Corporation
Alleged violation of VA Code § 56-265.24 A
PUE970071 Henry S. Branscome, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970072 D. L. B., Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970073 Chesapeake Bay Contractors, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970074 GTE South, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970075 Wolf Contractors
Alleged violation of VA Code § 56-265.17 C
PUE970076 Hi and Sons
Alleged violation of VA Code § 56-265.17 C
PUE970077 East Coast Plumbing
Alleged violation of VA Code § 56-265.17 C
PUE970078 W. E. Curling, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970079 E. V. Williams Co., Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970080 Precon Construction Company
Alleged violation of VA Code § 56-265.17 B
PUE970081 Suburban Grading & Utilities, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970082 Falcon Construction
Alleged violation of VA Code § 56-265.17 B
PUE970083 Central Virginia Electric Cooperative
For approval of experimental demand side management programs and residential and general service rate experiment
PUE970084 Martin & Gass, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970085 Copeland Excavation & Construction Co.
Alleged violation of VA Code § 56-265.17 A
PUE970086 Chesapeake Lawn & Garden
Alleged violation of VA Code § 56-265.17 A
PUE970087 Richardson Turner Construction Co.
Alleged violation of VA Code § 56-265.17 A
PUE970088 Design Electric
Alleged violation of VA Code § 56-265.17 A
PUE970089 Gildersleeve Pump & Well
Alleged violation of VA Code § 56-265.17 A
PUE970090 Coastal Concrete Construction Corp.
Alleged violation of VA Code § 56-265.17 A
PUE970091 C. A. Barrs Contractors, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970092 Nash Hauling & Excavation, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970093 Cox Cable
Alleged violation of VA Code § 56-265.17 A
PUE970094 Johnny's Contracting
Alleged violation of VA Code § 56-265.17 A
PUE970095 Miles Construction
Alleged violation of VA Code § 56-265.17 A
PUE970096 Vannoy Construction
Alleged violation of VA Code § 56-265.17 A
PUE970097 Ingram's
Alleged violation of VA Code § 56-265.17 A
PUE970098 M C Contracting
Alleged violation of VA Code § 56-265.17 A
PUE970099 Virginia Electric & Power Co.
Alleged violation of VA Code § 56-265.24 A
PUE970100 Phoenix Development Corp.
Alleged violation of VA Code § 56-265.24 A
PUE970101 Byers Engineering Company
Alleged violation of VA Code § 56-265.19 A
PUE970102 Commonwealth Gas Services, Inc.
For authority to amend Certificate No . G37I to provide natural gas distribution service
PUE970103 Community Electric Cooperative
For excess facilities-surge suppression tariff, "Schedule EF-SSD"
PUE970104 Virginia Electric & Power Co.
For authority to sell public service corporation property

PUE970105 Joseph E. Kent Excavating, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970106 Lobo Construction
Alleged violation of VA Code § 56-265.17 B
PUE970107 O'Neill Development Corp.
Alleged violation of VA Code § 56-265.17 B
PUE970108 Atlas Plumbing & Mechanical, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970109 Rockingham Construction Co., Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970110 Foley, William E.
Alleged violation of VA Code § 56-265.17 B
PUE970111 Brothers Signal Co., The
Alleged violation of VA Code § 56-265.17 B
PUE970112 Battlefield Utility Contractors, Inc.
Alleged violation of VA Code § 56-265.24 C
PUE970113 National Cable Construction
Alleged violation of VA Code § 56-265.24 C
PUE970114 Romano Concrete Construction
Alleged violation of VA Code § 56-265.18.2
PUE970115 Dittmar Company
Alleged violation of VA Code § 56-265.17 B
PUE970116 W. R. Manchester, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970117 Granja Contracting, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970118 Rocky Gorge at Oak Grove LLC
Alleged violation of VA Code § 56-265.24 C
PUE970119 Winney, Robert A. of Franklin Co.
For certificate to operate water systems
PUE970120 NOCUTS, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970121 Moffett Paving & Excavating Corp.
Alleged violation of VA Code § 56-265.17 A
PUE970122 Magnum Services of Virginia, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970123 Rapidan Plumbing
Alleged violation of VA Code § 56-265.17 A
PUE970124 Russell Short, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970125 Rexrode Enterprises
Alleged violation of VA Code § 56-265.17 A
PUE970126 B & S Contracting, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970127 H & W Excavating
Alleged violation of VA Code § 56-265.17 A
PUE970128 Monomy Services, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970129 Isaac's Landscaping & Grading
Alleged violation of VA Code § 56-265.17 A
PUE970130 Comcast Cablevision of Chesterfield
Alleged violation of VA Code § 56-265.17 A
PUE970131 Bobby L. Mills, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970132 Henry S. Branscome, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970133 Judy Construction
Alleged violation of VA Code § 56-265.17 A
PUE970134 Fogleman Excavation
Alleged violation of VA Code § 56-265.17 A
PUE970135 Byers Engineering Company
Alleged violation of VA Code § 56-265.19 A
PUE970136 Tibbs Paving, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970137 American Utilities
Alleged violation of VA Code § 56-265.17 A
PUE970138 Bernard Huff, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970139 Ball Contracting Company
Alleged violation of VA Code § 56-265.17 A
PUE970140 Ben Lewis Plumbing, Inc.
Alleged violation of VA Code § 56-265.17 A

PUE970141 Spiniello Construction
Alleged violation of VA Code § 56-265.17 A
PUE970142 Marmusco Plumbing
Alleged violation of VA Code § 56-265.17 A
PUE970143 Dittmar Company
Alleged violation of VA Code § 56-265.17 A
PUE970144 D. N. D. Backhoe
Alleged violation of VA Code § 56-265.17 A
PUE970145 United Cities Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970146 Tele-Communications Corp. of Virginia
Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
PUE970147 Virginia Natural Gas, Inc.
Alleged violation of VA Code §§ 56-265.17 B and 56-265.24 A
PUE970148 Virginia Natural Gas, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970149 Lucas Underground Utilities, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970150 Currents Construction
Alleged violation of VA Code § 56-265.24 A
PUE970151 Baywatch Enterprises, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970152 Vico Construction
Alleged violation of VA Code §§ 56-265.17 C and 56-265.24 A
PUE970153 Asphalt Roads & Materials Co., Inc.
Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
PUE970154 Crown Fiber Communications, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970155 A.W.R., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970156 Ash-Gayle, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970157 Capco Construction Corporation
Alleged violation of VA Code § 56-265.17 B
PUE970158 E. B. Sams Company, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970159 HS Construction Co.
Alleged violation of VA Code § 56-265.24 A
PUE970160 Inner-View
Alleged violation of VA Code § 56-265.17 B
PUE970161 Lee Engineering & Construction
Alleged violation of VA Code § 56-265.17 B
PUE970162 R & G Construction, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970163 Myers Cable, Inc.
Alleged violation of VA Code §§ 56-265.17 B and 56-265.24 D
PUE970164 B & K Construction Co. of Tidewater, Inc.
Alleged violation of VA Code § 56-265.24 B
PUE970165 Buckley-Lages
Alleged violation of VA Code § 56-265.24 A
PUE970166 Dunnam & Dunnam, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970167 Jake A. Moore & Sons Excavating, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970168 Virginia-American Water Co.
Alleged violation of VA Code § 56-265.24 A
PUE970169 Leo Construction Company
Alleged violation of VA Code § 56-265.24 A
PUE970170 Guy C. Eavers Excavating Corp.
Alleged violation of VA Code § 56-265.17 A
PUE970171 Messer Landscape, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970172 Stackhouse, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970173 Ruger Construction Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970174 R. L. Rider & Company
Alleged violation of VA Code § 56-265.24 A
PUE970175 Virginia Sprinkler Co., Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970176 Henderson Construction Co., Inc.
Alleged violation of VA Code § 56-265.24 A

PUE970177 Nathaniel Greene Development Corp.
Alleged violation of VA Code § 56-265.17 B
PUE970178 Transportation Safety Contractors, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970179 Herbert A. Phillingane & Son
Alleged violation of VA Code § 56-265.24 A
PUE970180 R. J. Biringer Construction Co.
Alleged violation of VA Code § 56-265.17 B
PUE970181 Cooper & Claiborne Construction, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970182 Counts & Dobyns, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970183 Castle Equipment Corporation
Alleged violation of VA Code § 56-265.17 B
PUE970184 Lucas Underground Utilities
Alleged violation of VA Code § 56-265.24 A
PUE970185 Atlantic Coastal Clearing & Grading, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970186 Carefil, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970187 Conrad Brothers, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970188 Crozier Construction
Alleged violation of VA Code § 56-265.17 A
PUE970189 Gardner Electrical Corporation
Alleged violation of VA Code § 56-265.17 A
PUE970190 Tom Disher Concrete
Alleged violation of VA Code § 56-265.17 A
PUE970191 Saunders Well Drilling
Alleged violation of VA Code § 56-265.17 A
PUE970192 Carter Excavating
Alleged violation of VA Code § 56-265.17 A
PUE970193 Snyder & Associates General Contractor
Alleged violation of VA Code § 56-265.17 A
PUE970194 John D. Lucey & Son
Alleged violation of VA Code § 56-265.17 C
PUE970195 Tele-Communications Corporation of Virginia
Alleged violation of VA Code § 56-265.24 A
PUE970196 Fencing Unlimited
Alleged violation of VA Code § 56-265.17 B
PUE970197 Virginia Concrete Construction, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970198 Smith & Keene
Alleged violation of VA Code § 56-265.17 A
PUE970199 Southern Air, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970200 B. P. Short & Son Paving Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970201 Bryant's Plumbing & Heating
Alleged violation of VA Code § 56-265.17 A
PUE970202 J. S. C. Concrete
Alleged violation of VA Code § 56-265.17 A
PUE970203 Clover Contracting
Alleged violation of VA Code § 56-265.17 C
PUE970204 Quality Excavating, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970205 Herbert A. Phillingane & Son
Alleged violation of VA Code § 56-265.17 C
PUE970206 J. R. Cundiff Excavating & Paving
Alleged violation of VA Code § 56-265.17 A
PUE970207 Philbrick, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970208 Rockingham Construction Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970209 Collins Construction Co., Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970210 American Electric Power
Alleged violation of VA Code § 56-265.24 A
PUE970211 O & S Electrical Ltd.
Alleged violation of VA Code § 56-265.24 A
PUE970212 Precon Construction Company
Alleged violation of VA Code § 56-265.24 A

PUE970213 Tidewater Underground Communications, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970214 Down Under Construction, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970215 H. D. Coffman, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970216 Farrell Construction Company
Alleged violation of VA Code § 56-265.17 B
PUE970217 Willis, C. Leonard
Alleged violation of VA Code § 56-265.17 C
PUE970218 E. V. Williams Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970219 W. E. Curling, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970220 Jerry Moran Excavating, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970221 Aaron J. Conner General Contracting, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970222 West Home Maintenance
Alleged violation of VA Code § 56-265.17 A
PUE970223 Smith & Keene
Alleged violation of VA Code § 56-265.17 A
PUE970224 Vico Construction Corporation
Alleged violation of VA Code § 56-265.17 C
PUE970225 R. J. Biringer Construction
Alleged violation of VA Code § 56-265.24 A
PUE970226 Cooper & Claiborne Construction, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970227 Shields Construction Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970228 Contracting Unlimited
Alleged violation of VA Code § 56-265.17 A
PUE970229 Champion Fence Company
Alleged violation of VA Code § 56-265.24 A
PUE970230 R. G. Griffith, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970231 Lucas Underground Utilities
Alleged violation of VA Code § 56-265.17 C
PUE970232 Hall Mechanical & Associates
Alleged violation of VA Code § 56-265.17 B
PUE970233 Winn Nursery of Virginia, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970234 Forster's Septic & Excavating
Alleged violation of VA Code § 56-265.17 A
PUE970235 Carnell Construction Corp.
Alleged violation of VA Code § 56-265.17 A
PUE970236 Concrete Finishers, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970237 Still Trucking Company
Alleged violation of VA Code § 56-265.17 A
PUE970238 Kevcor Contracting Corporation
Alleged violation of VA Code § 56-265.24 A
PUE970239 Media General Cable of Fairfax, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970240 B. Frank Joy, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970241 Lucas Underground Utilities
Alleged violation of VA Code § 56-265.24 A
PUE970242 Kenbridge Construction Company, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970243 Concrete Finishers, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970244 Coastal Tanks Ltd.
Alleged violation of VA Code § 56-265.24 A
PUE970245 McCoy Construction
Alleged violation of VA Code § 56-265.17 A
PUE970246 Batman Corporation
Alleged violation of VA Code § 56-265.17 A
PUE970247 Mid-Atlantic Pipeliners, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970248 B & H Concrete Construction Corp.
Alleged violation of VA Code § 56-265.17 A

PUE970249 R. L. Shaw Construction Co., Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970250 Hand Construction
Alleged violation of VA Code § 56-265.17 C
PUE970251 D. J. W. Construction Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970252 E. Z. Unlimited, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970253 Second Nature Landscaping
Alleged violation of VA Code § 56-265.24 A
PUE970254 W. E. Curling, Inc.
Alleged violation of VA Code § 56265.24 A
PUE970255 Jennings Construction
Alleged violation of VA Code § 56-265.17 A
PUE970256 David Pearson Builder
Alleged violation of VA Code § 56-265.17 A
PUE970257 L. White & Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970258 J. B. Veazley III, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970259 Sledge Plumbing & Heating
Alleged violation of VA Code § 56-265.17 A
PUE970260 Preston A. Witt & Son Electric
Alleged violation of VA Code § 56-265.17 A
PUE970261 Draft Building
Alleged violation of VA Code § 56-265.17 A
PUE970262 Atlantic Concrete Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970263 Pipe Layers Unlimited Corp.
Alleged violation of VA Code § 56-265.24 A
PUE970264 Roanoke Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970265 Hall, Frank
Alleged violation of VA Code § 56-265.17 B
PUE970266 Russell Short, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970267 Southwest Construction Inc. t/a Underground Detection Services, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970268 L&C Excavating & Hauling, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970269 Stackhouse, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970270 H & S Construction Co.
Alleged violation of VA Code § 56-265.17 A
PUE970271 Adams Construction Company
Alleged violation of VA Code § 56-265.17 A
PUE970272 Roanoke Botetourt Telephone Co.
Alleged violation of VA Code § 56-265.24 A
PUE970273 Southeastern Electric Contracting, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970274 Joe Bandy & Son, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970275 Roanoke Electric Works, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970276 Kingery Brothers Excavating Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970277 Magic City Sprinkler, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970278 Eddies Remodeling & Construction, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970279 Roanoke Industrial Center
Alleged violation of VA Code § 56-265.17 A
PUE970280 Newcomb Electric Company
Alleged violation of VA Code § 56-265.17 C
PUE970281 Advanced Cleaning & Coating
Alleged violation of VA Code § 56-265.17 A
PUE970282 Morrissette Electric Company
Alleged violation of VA Code § 56-265.17 A
PUE970283 McGuire Plumbing & Heating
Alleged violation of VA Code § 56-265.17 A
PUE970284 Double R Underground, Inc.
Alleged violation of VA Code § 56-265.17 A

PUE970285 E. C. Pace Company, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970286 Dominion Builders
Alleged violation of VA Code § 56-265.17 A
PUE970287 Nelson Tree Landscaping
Alleged violation of VA Code § 56-265.17 A
PUE970288 Cox Communications, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970289 H & S Construction Company
Alleged violation of VA Code § 56-265.17 A
PUE970290 Branch Group, Inc., The
Alleged violation of VA Code § 56-265.17 A
PUE970291 Commonwealth Builders Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970292 Charles R. Simpson, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970293 Clark's Excavating Company, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970294 Spickard Contracting, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970295 S. Ferguson, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970296 Townside Construction Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970297 Booze, Tommy
Alleged violation of VA Code § 56-265.17 A
PUE970298 Contracting Enterprises, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970299 Special Plumbing Company
Alleged violation of VA Code § 56-265.24 A
PUE970300 Plecker Construction Company
Alleged violation of VA Code § 56-265.17 A
PUE970301 Orion Associates, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970302 J. Driskill Electric
Alleged violation of VA Code § 56-265.17 A
PUE970303 S. A. McAllister & Sons, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970304 William Eustace Excavation
Alleged violation of VA Code § 56-265.17 A
PUE970305 Kenbridge Building Systems, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970306 Ron Stephens Clearing & Grading
Alleged violation of VA Code § 56-265.17 A
PUE970307 J. R. Construction & Landscaping
Alleged violation of VA Code § 56-265.17 A
PUE970308 Commonwealth Gas Services, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970309 NOCUTS, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970310 Harper Plumbing, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970311 W. H. H. Trice & Co.
Alleged violation of VA Code § 56-265.17 A
PUE970312 Polynesian Pools
Alleged violation of VA Code § 56-265.17 A
PUE970313 A. D. Knight Plumbing, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970314 Services Electric Corp. of Virginia
Alleged violation of VA Code § 56-265.17 A
PUE970315 Gene Smith, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970316 Timber Wolf Grading
Alleged violation of VA Code § 56-265.17 A
PUE970317 Atlantic Foundations, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970318 Barker Construction
Alleged violation of VA Code § 56-265.17 A
PUE970319 L. R. Construction
Alleged violation of VA Code § 56-265.17 A
PUE970320 Thomas Brothers, Inc.
Alleged violation of VA Code § 56-265.17 A

PUE970321 Cox Mechanical
Alleged violation of VA Code § 56-265.17 A
PUE970322 Colony Limited
Alleged violation of VA Code § 56-265.17 A
PUE970323 B T S Construction Company, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970324 GTE Corporation
Alleged violation of VA Code § 56-265.17 A
PUE970325 Engel Construction
Alleged violation of VA Code § 56-265.17 A
PUE970326 Montgomery Electric Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970327 Southwestern Virginia Gas Co.
Annual informational filing
PUE970328 Washington Gas Light Company
Annual informational filing
PUE970329 Delmarva Power & Light Co.
Annual informational filing
PUE970330 Duse, Bernard C. Jr. v. Washington Gas Company
Complaint and request for investigation
PUE970331 Kentucky Utilities Company
Annual informational filing
PUE970332 Silvas Construction Company
Alleged violation of VA Code § 56-265.17 A
PUE970333 J. S. C. Concrete
Alleged violation of VA Code § 56-265.17 A
PUE970334 Star Concrete
Alleged violation of VA Code § 56-264.17 A
PUE970335 Klyn & Taylor
Alleged violation of VA Code § 56-265.17 A
PUE970336 Cutting Edge Construction, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970337 Jerry's Bobcat Service, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970338 Sierra Services Ltd.
Alleged violation of VA Code § 56-265.17 A
PUE970339 Bossuto Construction Company
Alleged violation of VA Code § 56-265.17 A
PUE970340 American Pioneer Ponds & Landscape
Alleged violation of VA Code § 56-265.17 A
PUE970341 Creative Concrete
Alleged violation of VA Code § 56-265.17 A
PUE970342 King Masons, The
Alleged violation of VA Code § 56-265.17 A
PUE970343 Lisport Excavating Co.
Alleged violation of VA Code § 56-265.17 A
PUE970344 Lawrence N. Brandt, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970345 Germantown Electric Contract
Alleged violation of VA Code § 56-265.17 A
PUE970346 Cable Construction, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970347 C. W. Strittmatter, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970348 Encore Development
Alleged violation of VA Code § 56-265.17 A
PUE970349 Topnotch Masonry
Alleged violation of VA Code § 56-265.17 A
PUE970350 B. C. Electric Company
Alleged violation of VA Code § 56-265.17 A
PUE970351 Lisbon Concrete Corp.
Alleged violation of VA Code § 56-265.17 A
PUE970352 Hovnanian, K.
Alleged violation of VA Code § 56-265.17 A
PUE970353 Southern Electrical Service Co.
Alleged violation of VA Code § 56-265.17 A
PUE970354 Arcadia Building Company
Alleged violation of VA Code § 56-265.17 A
PUE970355 Lakeside Concrete, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970356 AMA Construction Company, Inc.
Alleged violation of VA Code § 56-265.17 A

PUE970357 Seneca Excavation & Landscaping, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970358 Arbor Grading & Seeding
Alleged violation of VA Code § 56-265.17 A
PUE970359 Kittrell Electric Company
Alleged violation of VA Code § 56-265.17 A
PUE970360 C & J Paving Company
Alleged violation of VA Code § 56-265.17 A
PUE970361 Marquis Construction
Alleged violation of VA Code § 56-265.17 A
PUE970362 United Cities Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970363 Virginia Natural Gas, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970364 Tele-Communications Corp. of Virginia
Alleged violation of VA Code § 56-265.14 A
PUE970365 Stackhouse, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970366 Frizzell Construction
Alleged violation of VA Code § 56-265.17 A
PUE970367 Watertown Irrigation
Alleged violation of VA Code § 56-265.24 A
PUE970368 W. H. McCutcheon Plumbing & Contracting, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970369 Martin's Backhoe Service
Alleged violation of VA Code § 56-265.24 A
PUE970370 Stanley R. Cupp Paving
Alleged violation of VA Code § 56-265.24 A
PUE970371 Miles Enterprises, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970372 Austin Cable Construction
Alleged violation of VA Code § 56-265.24 A
PUE970373 American Electric Power
Alleged violation of VA Code § 56-265.17 B
PUE970374 A & W Contractors, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970375 L & H Contracting, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970376 George T. Davis, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970377 C&R Concrete Construction, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970378 Burwil Construction Company
Alleged violation of VA Code § 56-265.24 A
PUE970379 Affordable Homes, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970380 Carlisle Construction
Alleged violation of VA Code § 56-265.24 D
PUE970381 Chesapeake Bay Corporation
Alleged violation of VA Code § 56-265.17 B
PUE970382 Asphalt Roads & Materials Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970383 Gibson Mechanical, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970384 Hi & Sons, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970385 Hudgins Construction
Alleged violation of VA Code § 56-265.24 A
PUE970386 M.C.V. Construction Corp.
Alleged violation of VA Code § 56-265.24 A
PUE970387 Precon Construction
Alleged violation of VA Code § 56-265.24 A
PUE970388 Dunn Construction
Alleged violation of VA Code § 56-265.17 A
PUE970389 Hoy Construction, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970390 Moore Realty
Alleged violation of VA Code § 56-265.17 A
PUE970391 Davis H. Elliott Company, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970392 Mr. Rooter
Alleged violation of VA Code § 56-265.17 A

PUE970393 Winter Construction Company, The
Alleged violation of VA Code § 56-265.17 A
PUE970394 Poole Construction
Alleged violation of VA Code § 56-265.17 A
PUE970395 T. K. Vann Services, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970396 U. S. Construction
Alleged violation of VA Code § 56-265.17 A
PUE970397 Haymes Brothers, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970398 S. Ferguson Construction, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970399 Fort Chiswell Construction Co.
Alleged violation of VA Code § 56-265.17 A
PUE970400 Dickerson, David
Alleged violation of VA Code § 56-265.17 A
PUE970401 Tim Harrell Landscaping
Alleged violation of VA Code § 56-265.17 A
PUE970402 Landmark Builders of Dublin, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970403 Jomac Construction, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970404 Acme Mechanical Contractors, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970405 Goldin & Stafford, Inc.
Alleged violation of VA Code § 56-265.18.2
PUE970406 Impact Augering
Alleged violation of VA Code § 56-265.24 A
PUE970407 W. C. English, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970408 R. G. Griffith, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970409 Granja Contracting, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970410 Prince William Construction Co.
Alleged violation of VA Code § 56-265.17 B
PUE970411 Atlas Plumbing
Alleged violation of VA Code § 56-265.17 C
PUE970412 Miller Excavating Company, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970413 Capco Construction Corporation
Alleged violation of VA Code § 56-265.17 B
PUE970414 A & W Contracting Corporation
Alleged violation of VA Code § 56-265.24 A
PUE970415 Mills-Russell, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970416 Driggs Corporation, The
Alleged violation of VA Code § 56-265.17 B
PUE970417 S & N Communications, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970418 Mich-Com
Alleged violation of VA Code § 56-265.17 B
PUE970419 R & R Contractors, Ltd.
Alleged violation of VA Code § 56-265.17 A
PUE970420 Roanoke Gas Company
For approval of pilot program for hedging of wintertime natural gas costs
PUE970422 Virginia Electric & Power Co.
To modify transmission line route approved in Case No. PUE960115 and shown on Certificate No. ET-860
PUE970423 Commonwealth Public Service Corp.
For amendment to certificate for natural gas distribution system under the Utility Facilities Act
PUE970424 Roanoke Gas Company
For authority to offer new service to be called supplemental interruptible sales
PUE970426 Fox Run Water Company
For authority to amend certificate
PUE970428 Byers Engineering Company
Alleged violation of VA Code § 56-265.19 A
PUE970430 AMB Construction
Alleged violation of VA Code § 56-265.17 A
PUE970431 Charles Moore Group, Ltd.
Alleged violation of VA Code § 56-265.17 A
PUE970432 Eastern Manufacturing
Alleged violation of VA Code § 56-265.17 A

PUE970433 Eastern Pipeline Company
Alleged violation of VA Code § 56-265.19 A
PUE970434 Ford, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970435 Hand Construction
Alleged violation of VA Code § 56-265.17 A
PUE970436 J. R. Construction & Landscaping
Alleged violation of VA Code § 56-265.17 A
PUE970437 Media General Cable of Fairfax
Alleged violation of VA Code § 56-265.17 A
PUE970438 Nesbitt Plumbing
Alleged violation of VA Code § 56-265.24 A
PUE970439 Taylor Water Systems
Alleged violation of VA Code § 56-265.24 A
PUE970440 Tidewater Underground Communications, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970441 Vico Construction
Alleged violation of VA Code § 56-265.24 C
PUE970442 Dennis W. Smith, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970443 J. A. Street & Associates, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970444 Goinsrashcain, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970445 Rockbridge Paving, Inc.
Alleged violation of VA Code § 56-265.17
PUE970446 Ditton, Michael H.
For official investigation into complaint
PUE970447 Delmarva Power
For no change in its electric fuel rate
PUE970448 C. M. Detter & Sons, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970449 Checkmate Communications, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970450 One Call Concepts, Inc.
Alleged violation of VA Code § 56-265.22 A
PUE970451 Virginia Department of Transportation
Alleged violation of VA Code § 56-265.24 A
PUE970452 Potomac Edison Company d/b/a Allegheny Power
Annual informational filing
PUE970453 Commonwealth Gas Services, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970454 NOCUTS, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970455 Commonwealth Gas Services, Inc.
For general increase in natural gas rates and approval of performance-based rate regulation methodology
PUE970456 Delmarva Power & Light Company
For order of exemption from Commission rules governing electricity capacity bidding
PUE970457 Virginia Natural Gas, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970458 Hampton Roads Contractors, Inc.
Alleged violation of VA Code § 56-265.24
PUE970459 Tele-Communications Corporation of Virginia
Alleged violation of VA Code § 56-265.17 B
PUE970460 G. L. Cline & Son, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970461 S. B. Ballard, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970462 Suburban Grading & Utilities Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970463 Crown Fiber Communications, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970464 Richard Farmer Construction
Alleged violation of VA Code § 56-265.24 A
PUE970465 Champion Fence
Alleged violation of VA Code § 56-265.17 C
PUE970466 Falcon Construction
Alleged violation of VA Code § 56-265.17 C
PUE970467 C & M Builders
Alleged violation of VA Code § 56-265.17 A
PUE970468 Stackhouse, Inc.
Alleged violation of VA Code § 56-265.24 A

PUE970469 Armada/Hoffler
Alleged violation of VA Code § 56-265.17 A
PUE970470 Southern Contractors
Alleged violation of VA Code § 56-265.17 A
PUE970471 John Hall Electric
Alleged violation of VA Code § 56-265.17 A
PUE970472 Auxiliary Power & Controls
Alleged violation of VA Code § 56-265.17 A
PUE970473 Smith & Keene Electric
Alleged violation of VA Code § 56-265.17 A
PUE970474 Breakell, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970475 Parsell & Zeigler
Alleged violation of VA Code § 56-265.17 A
PUE970476 Joe Bandy & Son, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970477 St. John, Barry
Alleged violation of VA Code § 56-265.17 A
PUE970478 Combs, Gerald
Alleged violation of VA Code § 56-265.17 A
PUE970479 Black, Jack L.
Alleged violation of VA Code § 56-265.17 A
PUE970480 Dirty Work Company, The
Alleged violation of VA Code § 56-265.17 A
PUE970481 Weddle Plumbing & Heating Co.
Alleged violation of VA Code § 56-265.17 A
PUE970482 Byers Engineering Company
Alleged violation of VA Code § 56-265.19 A
PUE970483 Washington Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970484 Green Team Landscapers
Alleged violation of VA Code § 56-265.17 A
PUE970485 Southland Concrete
Alleged violation of VA Code § 56-265.17 A
PUE970486 PHM Electric, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970487 Landmark-Allied
Alleged violation of VA Code § 56-265.17 C
PUE970488 A. M. Plumbing Service, Inc.
Alleged violation of VA Code § 56-265.18.2
PUE970489 B. Frank Joy Company, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970490 Ben Lewis Plumbing, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970491 Rockingham Construction Co., Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970492 Truler Construction, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970493 Mid-Atlantic Pipeliners, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970494 Commonwealth Gas Services, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970495 Virginia Equipment & Development
Alleged violation of VA Code § 56-265.24 A
PUE970496 Checkmate Communications, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970497 Tidewater Utility Construction, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970498 Tate & Hill, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970499 Spear Builders
Alleged violation of VA Code § 56-265.17 A
PUE970500 M. E. Matheny Custom Builders
Alleged violation of VA Code § 56-265.17 A
PUE970501 Philbrick, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970502 Virginia Natural Gas, Inc.
For temporary waiver of portions of Section XX of its tariff relating to quarterly billing factors
PUE970503 NOCUTS, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970504 Virginia Gas Distribution Co.
Annual informational filing

PUE970505 Virginia Gas Storage Company
Annual informational filing
PUE970507 United Water Virginia, Inc.
For cancellation and issuance of certificate to reflect new name
PUE970508 NOCUTS, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970509 United Cities Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970510 Cable Associates, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970511 Chesapeake Bay Contractors, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970512 E. V. Williams Co.
Alleged violation of VA Code § 56-265.18
PUE970513 Gemini Builders, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970514 Hampton Roads Contractors, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970515 Inn-View
Alleged violation of VA Code § 56-265.18
PUE970516 Woods Pipeline & Excavating Co.
Alleged violation of VA Code § 56-265.17 C
PUE970517 Roanoke Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970518 Shore Building Corp.
Alleged violation of VA Code § 56-265.17 A
PUE970519 Virginia Natural Gas, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970520 Ash-Gayle, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970521 Eastern Technical Communications, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970522 Precon Construction
Alleged violation of VA Code § 56-265.17 C
PUE970523 Virginia-American Water Co.
For a general increase in rates
PUE970524 Franklin Water Company
For certificate to construct a waterworks system
PUE970525 Virginia American Water Co.
For declaratory judgment regarding initiation of non-potable water service to industrial customers in Hopewell, VA
PUE970526 Mid-Atlantic Pipeliners, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970527 Virginia Electric & Power Co.
Alleged violation of VA Code § 56-265.17 C
PUE970528 Miller & Comer Construction Co.
Alleged violation of VA Code § 56-265.17 A
PUE970529 A. M.W. of Tidewater, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970530 Jewell, Kirk
Alleged violation of VA Code § 56-265.24 A
PUE970531 Commonwealth Gas Services, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970532 Byers Engineering Company
Alleged violation of VA Code § 56-265.19 A
PUE970533 Eavers Brothers Excavating Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970534 R. D. Contractors
Alleged violation of VA Code § 56-265.17 B
PUE970535 Rockingham Construction Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970536 Lonergan Contractors, Inc.
Alleged violation of VA Code § 56-265.17
PUE970537 Virginia Concrete Construction Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970538 Minority Enterprises, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970539 Clyde Hairston Contracting
Alleged violation of VA Code § 56-265.24 A
PUE970540 C. L. Lewis & Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970541 Crowell Brothers Construction Co., Inc.
Alleged violation of VA Code § 56-265.24 A

PUE970542 B&K Construction Co. Tidewater
Alleged violation of VA Code § 56-265.24 B
PUE970543 Musselman, Mary G. et al. v. Sanville Utilities Corp.
For approval of increase in company's rates
PUE970544 Desmond, David W. et al. v. United Water Virginia, Inc.
For proposed increase in rates
PUE970545 Commonwealth Public Service Corporation
For approval to increase rates
PUE970546 NOCUTS, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970547 Cape Henry Concrete
Alleged violation of VA Code § 56-265.17 A
PUE970548 Krauss Construction Co. of VA, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970549 Virginia Natural Gas, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970550 Whit Williams, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970551 L. H. Sawyer Paving Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970552 C. M. Dettor & Sons, Inc.
Alleged violation of VA Code § 56-265.24 B
PUE970553 Vico Construction Corporation
Alleged violation of VA Code § 56-265.24 A
PUE970554 Tidewater Utility Construction, Inc.
Alleged violation of VA Code § 56-265.24 B
PUE970555 Suburban Grading & Utilities, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970556 Henry S. Branscome, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970557 Archbell, Karen
Alleged violation of VA Code § 56-265.18
PUE970558 Brown & Dent Construction
Alleged violation of VA Code § 56-265.17 B
PUE970559 American Trenching, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970560 Commonwealth Gas Services, Inc.
Alleged violation of Commission's pipeline safety standards
PUE970561 Virginia Natural Gas, Inc.
Alleged violation of Commission's pipeline safety standards
PUE970562 Washington Gas Light Co.
Alleged violation of Commission's pipeline safety standards
PUE970563 Portsmouth Plumbing
Alleged violation of VA Code § 56-265.17 A
PUE970564 Quality Excavation
Alleged violation of VA Code § 56-265.17 A
PUE970565 Arovik Signs
Alleged violation of VA Code § 56-265.17 A
PUE970566 Spear Builders
Alleged violation of VA Code § 56-265.17 A
PUE970567 Bellmont Construction Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970568 J & N Mobile Homes
Alleged violation of VA Code § 56-265.17 A
PUE970569 Vampelt Construction Company
Alleged violation of VA Code § 56-265.17 B
PUE970570 Complete Landscaping Service
Alleged violation of VA Code § 56-265.17 C
PUE970571 Leo Construction Company
Alleged violation of VA Code § 56-265.17 C
PUE970572 D. A. Foster Company
Alleged violation of VA Code § 56-265.17 B
PUE970573 Brothers Development Corp.
Alleged violation of VA Code § 56-265.24 A
PUE970574 William B. Hopke Co., Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970575 Ivy H. Smith Company
Alleged violation of VA Code § 56-265.24 A
PUE970576 Midland Masonary
Alleged violation of VA Code § 56-265.17 B
PUE970577 HLW Electric, Inc.
Alleged violation of VA Code § 56-265.17 C

PUE970578 Apex Environmental
Alleged violation of VA Code § 56-265.17 C
PUE970579 Owens & Dove, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970580 Battlefield Utilities
Alleged violation of VA Code § 56-265.17 B
PUE970581 Lobo Construction Company
Alleged violation of VA Code § 56-265.17 B
PUE970582 Granja Contracting, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970583 Geofreeze
Alleged violation of VA Code § 56-265.24 A
PUE970584 Haskell Company, The
Alleged violation of VA Code § 56-265.17 B
PUE970585 Presley Asphalt & Paving Corp.
Alleged violation of VA Code § 56-265.24 A
PUE970586 Prince William Construction Co.
Alleged violation of VA Code § 56-265.17 C
PUE970587 Stackhouse, Inc. t/a Miller & Comer Construction Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970588 L. W. Jager Company, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970589 Virginia Electric & Power Co.
Alleged violation of VA Code § 56-265.17 B
PUE970590 Commonwealth Gas Services, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970591 Stackhouse, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970592 R. E. Collier, Inc.
Alleged violation of VA Code § 56-265.24 B
PUE970593 C. W. Jackson Construction
Alleged violation of VA Code § 56-265.18
PUE970594 Dynalectric Company
Alleged violation of VA Code § 56-265.17 C
PUE970595 Traveres Concrete Company, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970596 Steinman Electric, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970597 Ivy H. Smith Company
Alleged violation of VA Code § 56-265.24 A
PUE970598 William E. Foley & Sons, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970599 Marumsco Equipment Corp.
Alleged violation of VA Code § 56-265.18
PUE970600 Gull Corporation
Alleged violation of VA Code § 56-265.17 B
PUE970601 Rocky Gorge at Oak Grove LLC
Alleged violation of VA Code § 56-265.17 C
PUE970602 Diamonds Utility Construction, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970603 Martin & Gass, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970604 Fort Meyers Construction Corp.
Alleged violation of VA Code § 56-265.24 A
PUE970605 Leo Construction Company
Alleged violation of VA Code § 56-265.24 A
PUE970606 Johnny B. Quick, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970607 William B. Hopke Co., Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970608 Ben Lewis Plumbing, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970609 D & L Excavating, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970610 Chesapeake Mill Alliance, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970611 CMC Concrete
Alleged violation of VA Code § 56-265.17 A
PUE970612 Classic Concepts
Alleged violation of VA Code § 56-265.17 A
PUE970613 Delmarva Power & Light Co.
For approval of a special contract for Tyson Foods

PUE970614	Washington Gas Light Co. Alleged violation of VA Code § 56-265.19 A
PUE970615	Byers Engineering Co. Alleged violation of VA Code § 56-265.19 A
PUE970616	Shenandoah Gas Company For authority to increase rates and charges for gas service and to revise its tariffs
PUE970617	Virginia Natural Gas, Inc. For extension of time to file its annual informational filing
PUE970619	Nelson, III Robert Alleged violation of VA Code § 56-265.17 A
PUE970620	Douglas Boger Construction Co. Alleged violation of VA Code § 56-265.17 A
PUE970621	Mendon Pipeline, Inc. Alleged violation of VA Code § 56-265.17 A
PUE970622	Kenbridge Building Systems, Inc. Alleged violation of VA Code § 56-265.17 A
PUE970623	Commonwealth Gas Services, Inc. Alleged violation of VA Code § 56-265.19 A
PUE970624	Minority Enterprises, Inc. Alleged violation of VA Code § 56-265.17 A
PUE970625	Contracting Enterprises, Inc. Alleged violation of VA Code § 56-265.17 B
PUE970626	Claude Erps Construction, Inc. Alleged violation of VA Code § 56-265.17 A
PUE970627	Carter's Concrete Finishing Alleged violation of VA Code § 56-265.17 A
PUE970628	Capital Installation Alleged violation of VA Code § 56-265.24 A
PUE970629	A & R Pump Company Alleged violation of VA Code § 56-265.17 A
PUE970630	Beco Construction, Inc. Alleged violation of VA Code § 56-265.17 A
PUE970631	Bluefield Gas Company Alleged violation of VA Code § 56-265.17 A
PUE970632	Heritage Builders Ltd. Alleged violation of VA Code § 56-265.17 A
PUE970633	Henry S. Branscome, Inc. Alleged violation of VA Code § 56-265.24 A
PUE970634	Henmark, Inc. Alleged violation of VA Code § 56-265.24 A
PUE970635	Haymes Brothers, Inc. Alleged violation of VA Code § 56-265.17 A
PUE970636	H. C. Davis Plumbing Contractor Alleged violation of VA Code § 56-265.17 A
PUE970637	Gluth Construction Company, Inc. Alleged violation of VA Code § 56-265.24 A
PUE970638	Fort Chiswell Construction Corp. Alleged violation of VA Code § 56-265.17 A
PUE970639	Forbes Plumbing & Heating Co., Inc. Alleged violation of VA Code § 56-265.17 A
PUE970640	Fairfield Bridge Company, Inc. Alleged violation of VA Code § 56-265.17 A
PUE970641	Craig Rountree Building & Remodeling, Inc. Alleged violation of VA Code § 56-265.17 A
PUE970642	Harolds Footing Service Alleged violation of VA Code § 56-265.17 A
PUE970643	Wyche, Joseph Alleged violation of VA Code § 56-265.17 A
PUE970644	W. L. Hailey & Company Alleged violation of VA Code § 56-265.17 A
PUE970645	Virginia Concrete Construction Alleged violation of VA Code § 56-265.24 A
PUE970646	Supertane Gas Corporation Alleged violation of VA Code § 56-265.17 A
PUE970647	Rockingham Construction Co., Inc. Alleged violation of VA Code § 56-265.17 A
PUE970648	Ratcliff, Walter Alleged violation of VA Code § 56-265.17 A
PUE970649	James Melton Heating & Plumbing Alleged violation of VA Code § 56-265.17 A
PUE970650	Nichols Electric Alleged violation of VA Code § 56-265.17 A

PUE970651 N. L. Houck Construction, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970653 Maddox & Sons, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970654 J. N. Mayberry & Sons
Alleged violation of VA Code § 56-265.17 A
PUE970655 Higgs, Jr. Charles
Alleged violation of VA Code § 56-265.17 A
PUE970656 Grand Rental Station of Dumfries, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970657 E. F. Brown Construction
Alleged violation of VA Code § 56-265.17 A
PUE970658 English Construction Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970659 Crete Construction
Alleged violation of VA Code § 56-265.17 A
PUE970660 Contracting Unlimited Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970661 Park-Site Construction
Alleged violation of VA Code § 56-265.17 A
PUE970662 Chesterfield Irrigation
Alleged violation of VA Code § 56-265.24 A
PUE970663 Butzner Construction, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970664 S&S Tree Service, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970665 Ward & Stancil, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970666 Virginia Natural Gas, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970667 Utilx Corporation
Alleged violation of VA Code § 56-265.24 A
PUE970668 United Cities Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970669 Tidewater Utility Construction, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970670 Thomas Bros., Inc.
Alleged violation of VA Code § 56-265.18
PUE970671 Suburban Grading & Utilities, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970672 Smith & Keene
Alleged violation of VA Code § 56-265.24 A
PUE970673 Southeast Construction Corp.
Alleged violation of VA Code § 56-265.24 A
PUE970674 Southwest Vault Service
Alleged violation of VA Code § 56-265.24 A
PUE970675 Stackhouse, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970676 R. M. Randolph Electrical Co.
Alleged violation of VA Code § 56-265.17 A
PUE970677 Roanoke Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970678 Shifflett Concrete
Alleged violation of VA Code § 56-265.17 A
PUE970679 Princess Anne Paving
Alleged violation of VA Code § 56-265.18
PUE970680 Pasco, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970681 McCallum Testing
Alleged violation of VA Code § 56-265.17 A
PUE970682 Marshall Construction Co., Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970683 Marlyn Development
Alleged violation of VA Code § 56-265.17 A
PUE970684 J. P. Turner and Brothers, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970685 Kingery Brothers Excavating Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970686 Perry Cable Services
Alleged violation of VA Code § 56-265.24 A
PUE970687 J. G. Miller, Inc.
Alleged violation of VA Code § 56-265.17 B

PUE970688 Central Contracting, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970689 Liquid, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970690 Thompson Building Corp.
Alleged violation of VA Code § 56-265.24 A
PUE970691 Georges Excavating, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970692 Henry Moore Concrete
Alleged violation of VA Code § 56-265.17 A
PUE970693 Partners Excavating Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970694 NOCUTS, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970695 Ex parte, in re: Guidelines
Promulgation of Guidelines for Special Rates, Contracts or Incentives pursuant to VA Code § 56-235.2 D
PUE970698 Martin & Gass, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970699 R & B Plumbing & Heating, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970700 Wrights Septic Tank, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970701 Atlantic Coastal Clearing & Grading, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970702 B & S Contracting, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970703 Minority Enterprises, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970704 Ellis Brothers Plumbing, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970705 English Construction Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970706 R. E. Lee & Son, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970707 Oberry Landscaping, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970708 Terry Built Homes, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970709 Virginia Electric & Power Co.
Alleged violation of VA Code § 56-265.17 A
PUE970710 Checkmate Communications, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970711 Commonwealth Gas Services, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970712 Penn Line Service, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970713 Techcon, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970714 NOCUTS, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970715 American Trenching Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970716 Pasco, Inc.
Alleged violation of VA Code § 56-265.24 C
PUE970717 Suburban Grading & Utilities, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970718 Biggio Bro. Contractors
Alleged violation of VA Code § 56-265.17 A
PUE970719 Eatmon Plumbing & Heating
Alleged violation of VA Code § 56-265.24 A
PUE970720 Indian Creek Tree Farm
Alleged violation of VA Code § 56-265.17 A
PUE970721 Ken Construction Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970722 Kevcor Corporation
Alleged violation of VA Code § 56-265.17 C
PUE970723 R. L. Price Construction Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970724 Roanoke Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970725 Stackhouse, Inc.
Alleged violation of VA Code § 56-265.17 C

PUE970726 Bishop's Grading
Alleged violation of VA Code § 56-265.17 A
PUE970727 W. E. Curling, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970728 Jones & Frank
Alleged violation of VA Code § 56-265.17 A
PUE970729 JB Moore Electrical Contractor, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970730 Dunnam & Dunnam, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970731 Tele-Communications Corp. of Virginia
Alleged violation of VA Code § 56-265.18
PUE970732 Commercial Scapes
Alleged violation of VA Code § 56-265.17 A
PUE970733 Dixon Contracting, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970734 Lawhorne Brothers, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970735 Stackhouse, Inc. t/a Miller & Comer Construction Co., Inc.
Alleged violation of VA Code § 56-265.18
PUE970736 Walsh Electric Company
Alleged violation of VA Code § 56-265.17 A
PUE970737 Ellcott City Underground
Alleged violation of VA Code § 56-265.17 B
PUE970738 A. E. Harold & Son Demolition
Alleged violation of VA Code § 56-265.17 A
PUE970739 Vico Construction Corp.
Alleged violation of VA Code § 56-265.17 B
PUE970740 Challenge Constructors, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970741 Shively Enterprises, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970742 Ashe Landscaping & Tree Service
Alleged violation of VA Code § 56-265.17 A
PUE970743 David F. Lucas Electrical Contractors, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970744 Utilx Corporation
Alleged violation of VA Code § 56-265.24 A
PUE970745 Bishops Backhoe Service
Alleged violation of VA Code § 56-265.17 A
PUE970746 Affordable Irrigation
Alleged violation of VA Code § 56-256.17 A
PUE970747 Higgs, Jr. Charles
Alleged violation of VA Code § 56-265.17 A
PUE970748 W. L. Hailey and Company
Alleged violation of VA Code § 56-562.17 A
PUE970749 Mid-Atlantic Pipeliners, Inc.
Alleged violation of VA Code § 56-265.17 B
PUE970750 Aaron J. Connor General Contracting, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970751 Jennings Construction Services
Alleged violation of VA Code § 56-265.17 A
PUE970752 Shannon Forest Water Corp.
For certificate to provide water service
PUE970754 Amvest Minerals Group, Inc.
Notification of intent to furnish gas services to Mosby's Steakhouse, Inc.
PUE970755 United Water of Virginia
For cancellation of Certificate Nos. W-249 and W-253
PUE970756 SLM Concrete Company, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970757 Federal City Group, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970758 Southern Pump & Tank Company
Alleged violation of VA Code § 56-265.17 A
PUE970759 LS&S Construction Services
Alleged violation of VA Code § 56-265.17 A
PUE970760 Ridge Limited Company
Alleged violation of VA Code § 56-265.24 A
PUE970761 Bartons Plumbing
Alleged violation of VA Code § 56-265.24 A
PUE970762 Leo Construction Company
Alleged violation of VA Code § 56-265.24 A

PUE970763 R. B. Hinkle Construction, Inc.
Alleged violation of VA Code § 56-265.24 A

PUE970764 Harbour East Sewage Disposal
For certificate to provide sewer service to Harbour East Village mobile home community in Chesterfield County, VA

PUE970765 Southwestern Virginia Gas Co.
For an expedited increase in rates

PUE970766 Appalachian Power Company
For certificates authorizing transmission lines in Counties of Bland, Botetourt, Craig, Giles, Montgomery, Roanoke and Tazewell: Wyoming-Cloverdale 765 kV Transmission Line and Cloverdale 500 kV Bus Extension

PUE970767 Holladay Construction Co., Inc.
Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A

PUE970768 Rockingham Construction Co., Inc.
Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A

PUE970769 Ellcott City Underground
Alleged violation of VA Code § 56-265.17 B

PUE970770 Guy C. Eavers Excavating Corp.
Alleged violation of VA Code § 56-265.17 A

PUE970771 Frazier Services
Alleged violation of VA Code § 56-265.17 A

PUE970772 V-C Enterprises
Alleged violation of VA Code § 56-265.17 A

PUE970773 Pete Concrete
Alleged violation of VA Code § 56-265.17 A

PUE970774 Prestige Cable Television
Alleged violation of VA Code § 56-265.19 A

PUE970775 Eavers Brothers Excavating, Inc.
Alleged violation of VA Code § 56-265.17 A

PUE970776 Daniel Group, Inc.
Alleged violation of VA Code § 56-265.17 A

PUE970777 Mendon Pipeline, Inc.
Alleged violation of VA Code § 56-265.24 A

PUE970778 Avery Enterprises
Alleged violation of VA Code § 56-265.17 A

PUE970779 Higgs, Jr. Charles
Alleged violation of VA Code § 56-265.17 A

PUE970780 Eagle Builders
Alleged violation of VA Code § 56-265.17 A

PUE970781 State Contracting, Inc.
Alleged violation of VA Code § 56-265.17 B

PUE970782 Richard L. Crowder Construction, Inc.
Alleged violation of VA Code § 56-265.24 C

PUE970783 Adelphia Cable Communications
Alleged violation of VA Code § 56-265.17 A

PUE970784 F. W. Baird General Contractor
Alleged violation of VA Code § 56-265.17 A

PUE970785 NOCUTS, Inc.
Alleged violation of VA Code §§ 56-265.19 A and 56-265.21

PUE970786 Henry S. Branscome, Inc.
Alleged violation of VA Code § 56-265.24 A

PUE970787 Graham Construction, Inc.
Alleged violation of VA Code § 56-265.17 A

PUE970788 Suburban Grading & Utilities, Inc.
Alleged violation of VA Code § 56-265.17 C

PUE970789 Crown Fiber Communications, Inc.
Alleged violation of VA Code §§ 56-265.17 C and 56-265.24 A

PUE970790 D.L.B., Inc.
Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A

PUE970791 Hudson, A. L.
Alleged violation of VA Code § 56-265.17 A

PUE970792 VUUPS, Inc.
Alleged violation of VA Code § 56-265.22 A

PUE970793 Tidewater Deck & Fence
Alleged violation of VA Code § 56-265.24 A

PUE970794 Virginia Natural Gas, Inc.
Alleged violation of VA Code § 56-265.19 A

PUE970795 Abingdon Paving
Alleged violation of VA Code § 56-265.17 A

PUE970796 AMW of Tidewater, Inc.
Alleged violation of VA Code § 56-265.17 A

PUE970797 Asphalt Roads & Materials Co., Inc.
Alleged violation of VA Code § 56-265.24 A

PUE970798 B & N Contracting, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970799 Branch Highways, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970800 Broyles Construction
Alleged violation of VA Code § 56-265.17 A
PUE970801 Cascade Contracting, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970802 Champion Fence
Alleged violation of VA Code § 56-265.17 A
PUE970803 Charlie Phelps Landscaping
Alleged violation of VA Code § 56-265.17 A
PUE970804 Contracting Enterprises, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970805 Crowe's Septic, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970806 Dudley's Excavating Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970807 Frank Munday Construction
Alleged violation of VA Code § 56-265.17 A
PUE970808 Hudgins Contracting Corp.
Alleged violation of VA Code § 56-265.24 A
PUE970809 Stackhouse, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970810 Cox Communications, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970811 GTE
Alleged violation of VA Code § 56-265.19 A
PUE970812 Commonwealth Gas Services, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970813 American Trenching Co., Inc.
Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
PUE970814 M. C. Construction, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970815 Warrco, Inc.
Alleged violation of VA Code §§ 56-265.17 B and 56-265.24 A
PUE970816 Hugh Compton Associates
Alleged violation of VA Code § 56-265.17 A
PUE970817 Independence Construction Co. of VA
Alleged violation of VA Code § 56-265.17 A
PUE970818 Innerview Ltd.
Alleged violation of VA Code § 56-265.24 A
PUE970819 K. H. Needham, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970820 L. H. Sawyer Paving Company, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970821 Lake Country Remolding
Alleged violation of VA Code § 56-265.17 A
PUE970822 Lewis Construction, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970823 Pasco, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970824 Pinkston Pump & Well, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970825 Price Real Estate, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970826 Southside Utilities, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970827 Stackhouse, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970828 Town & Country Plumbing
Alleged violation of VA Code § 56-265.17 A
PUE970829 University Realty, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970830 Fauquier Excavation
Alleged violation of VA Code § 56-265.17 A
PUE970831 Checkmate Communications, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970832 Minority Enterprises, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970833 Ron's Plumbing Co., Inc.
Alleged violation of VA Code § 56-265.17 A

PUE970834 Maust Enterprises
Alleged violation of VA Code § 56-265.17 A
PUE970835 Harry L. Jones Plumbing
Alleged violation of VA Code § 56-265.17 A
PUE970836 Hammond & Mitchell, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970837 F. L. Showalter, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970838 English Construction Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970839 Cooper & Claiborne Construction, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970840 American Electric Power
Alleged violation of VA Code § 56-265.18
PUE970841 CMC Concrete
Alleged violation of VA Code § 56-265.17 A
PUE970842 Hall Mechanical & Associates, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970843 Park-Site Construction
Alleged violation of VA Code § 56-265.17 A
PUE970844 Tibbs Paving, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970845 ACI Construction
Alleged violation of VA Code § 56-265.17 A
PUE970846 GMTI
Alleged violation of VA Code § 56-265.17 A
PUE970847 Rockingham Construction Co.
Alleged violation of VA Code § 56-265.17 A
PUE970848 FM Development
Alleged violation of VA Code § 56-265.17 A
PUE970849 Jeff Drew Excavating
Alleged violation of VA Code § 56-265.17 A
PUE970850 WS Lambert Companies
Alleged violation of VA Code § 56-265.17 A
PUE970851 Luck Stone Corporation
Alleged violation of VA Code § 56-265.17 A
PUE970852 Bell-BCI
Alleged violation of VA Code § 56-265.17 A
PUE970853 C. J. Fisher & Sons, Inc.
Alleged violation of VA Code § 56.265.17 A
PUE970854 Jones Communications, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970855 Robinson Paving, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970856 N V Homes, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970857 Gelles and Sons Remolding Co.
Alleged violation of VA Code § 56-265.17 A
PUE970858 Engineering Consultants
Alleged violation of VA Code § 56-265.17 A
PUE970859 Ram Development Company
Alleged violation of VA Code § 56-265.17 A
PUE970860 Summit U S A
Alleged violation of VA Code § 56-265.17 A
PUE970861 R. E. Lee Electric
Alleged violation of VA Code § 56-265.17 A
PUE970862 Orville Pennington Excavating
Alleged violation of VA Code § 56-265.17 A
PUE970863 Newport Concrete, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970864 L. F. Jennings
Alleged violation of VA Code § 56-265.17 A
PUE970865 JSC Concrete Construction
Alleged violation of VA Code § 56-265.17 A
PUE970866 East Coast Concrete Cutting Co., Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970867 Foxcraft Design Group, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970868 Paradigm Construction Company
Alleged violation of VA Code § 56-265.17 A
PUE970869 Thomas Kemp Contractors
Alleged violation of VA Code § 56-265/17 A

PUE970870 Tyree Organization
Alleged violation of VA Code § 56-265.17 A
PUE970871 Battlefield Utility Construction, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970872 William A. Hazel, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970873 Roanoke Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970874 Mid-Atlantic Pipeliners, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970875 Flippo Construction Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970876 Ben Lewis Plumbing, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970877 J. A. Laporte, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970878 Northern Virginia Electric Cooperative
Alleged violation of VA Code § 56-265.24 A
PUE970879 Mich-Com Cable Services, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970880 S & N Communications, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970881 Leo Construction Company
Alleged violation of VA Code § 56-265.18
PUE970882 Peed Plumbing, Inc.
Alleged violation of VA Code § 56-265.24 C
PUE970883 Washington Gas Light Co.
Alleged violation of VA Code § 56-265.19 A
PUE970884 Byers Engineering Company
Alleged violation of VA Code § 56-265.19 A
PUE970885 Virginia Electric & Power Co.
Alleged violation of VA Code § 56-265.17 A
PUE970886 Fort Meyers Construction
Alleged violation of VA Code § 56-265.24 A
PUE970887 Utilx Corporation
Alleged violation of VA Code §§ 56-265.18 and 56-265.24 A
PUE970888 S. W. Rodgers Company, Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970889 J & S Excavating
Alleged violation of VA Code § 56-265.17 A
PUE970890 Mount Vernon Asphalt Paving, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970891 Tavares Concrete Company, Inc.
Alleged violation of VA Code §§ 56-265.17 A and 56-265.24 A
PUE970892 Underground Systems Group
Alleged violation of VA Code § 56-265.24 A
PUE970893 Village Landscaping & Irrigation
Alleged violation of VA Code § 56-265.17 A
PUE970894 Consolidated Plumbing Services
Alleged violation of VA Code § 56-265.17 C
PUE970895 Chevy Chase Design Build Group, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970896 E. E. Lyons Construction Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970897 Triple H Contracting Co.
Alleged violation of VA Code § 56-265.17 A
PUE970898 Chesapeake Bay Contractors, Inc.
Alleged violation of VA Code § 56-265.24 C
PUE970899 Ebenezer Fences
Alleged violation of VA Code § 56-265.17 A
PUE970900 Ricky McLeod Excavating
Alleged violation of VA Code § 56-265.17 A
PUE970901 Lobo Construction Company
Alleged violation of VA Code § 56-265.17 A
PUE970902 PEC
Alleged violation of VA Code § 56-265.17 A
PUE970903 Woodbridge Construction
Alleged violation of VA Code § 56-265.17 A
PUE970904 Virginia Electric & Power Co.
To revise its fuel factor pursuant to VA Code § 56-249.6
PUE970905 William A. Hazel, Inc.
Alleged violation of VA Code § 56-265.24 A

PUE970906 Byers Engineering Company
Alleged violation of VA Code § 56-265.19 A
PUE970907 Washington Gas Light Co.
Alleged violation of VA Code § 56-265.19 A
PUE970908 Roanoke Gas Company
For extension of time to file its annual informational filing
PUE970909 Roanoke Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970910 Stackhouse, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970911 Blue Ridge Paving, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970912 Valley Excavating, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970913 Thomas Bros. Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970914 Fort Myer Construction Corp.
Alleged violation of VA Code § 56-265.24 A
PUE970915 H & S Construction Company
Alleged violation of VA Code § 56-265.17 C
PUE970916 Marshall Construction Co., Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970917 Tele-Communications Corp. of Virginia
Alleged violation of VA Code § 56-265.17 B
PUE970918 Byers Engineering Company
Alleged violation of VA Code § 56-265.19 A
PUE970919 Woodlawn Construction Co.
Alleged violation of VA Code § 56-265.17 A
PUE970920 Utility Detection Services
Alleged violation of VA Code § 56-265.19 A
PUE970921 Commonwealth Gas Services, Inc.
Alleged violation of VA Code § 56-265.19 A
PUE970922 Underground Systems Group
Alleged violation of VA Code § 56-265.17 A
PUE970923 Checkmate Communications, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970924 Coscan Washington, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970925 O E I, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970926 Stackhouse, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970927 Moore, G. H.
Alleged violation of VA Code § 56-265.17 A
PUE970929 American Eastern, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970930 Arc Electric Incorporated
Alleged violation of VA Code § 56-265.24 A
PUE970931 Basic Construction Company
Alleged violation of VA Code § 56-265.24 A
PUE970932 Bell Atlantic-Virginia, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970933 Cable Associates, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970934 Ed Phillips Electric
Alleged violation of VA Code § 56-265.17 A
PUE970935 Jay Homes, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970936 Leonard, M. L.
Alleged violation of VA Code § 56-265.17 C
PUE970937 Pasco, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970938 Poor Man's Tree & Landscaping
Alleged violation of VA Code § 56-265.17 A
PUE970939 Southwest Construction, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970940 United Cities Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970941 Virginia Sealcoat, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970942 NOCUTS, Inc.
Alleged violation of VA Code § 56-265.19 A

PUE970943	Ash-Gayle, Inc. Alleged violation of VA Code § 56-265.18
PUE970944	H & R Utility Alleged violation of VA Codes § 56-265.24 A
PUE970945	Suburban Grading & Utilities, Inc. Alleged violation of VA Code § 56-265.24 A
PUE970946	Virginia Electric & Power Co. Alleged violation of VA Code § 56-265.24 A
PUE970947	Virginia Natural Gas, Inc. Alleged violation of VA Code § 56-265.19 A
PUE970948	Virginia Electric & Power Co. For authority to exempt certain facilities from qualifying facility monitoring program
PUE970949	Virginia Natural Gas, Inc. For order nunc pro tunc relating to 1988 merger of VNG and Suffolk Gas
PUE970951	A&W Contractors, Inc. Alleged violation of VA Code § 56-265.24 A
PUE970952	April Showers, Inc. Alleged violation of VA Code § 56-265.24 A
PUE970953	Baron Enterprises Alleged violation of VA Code § 56-265.17 A
PUE970954	Chesapeake Bay Contractors, Inc. Alleged violation of VA Code § 56-265.17 A
PUE970955	Demarco Electric Alleged violation of VA Code § 56-265.24 A
PUE970956	Dewey R. Wright Excavating Alleged violation of VA Code § 56-265.24 A
PUE970957	Electric Contracting Corp. Alleged violation of VA Code § 56-265.17 A
PUE970958	Falcon Construction Alleged violation of VA Code § 56-265.24 A
PUE970959	GTE Telephone Alleged violation of VA Code § 56-265.24 A
PUE970960	J. Cary Harrell Construction Alleged violation of VA Code § 56-265.17 A
PUE970961	Krauss Construction Co. of Virginia Alleged violation of VA Code § 56-265.17 B
PUE970962	Mechanicsville Backhoe Alleged violation of VA Code § 56-265.24 A
PUE970963	Virginia Electric & Power Co. Alleged violation of VA Code § 56-265.24 A
PUE970964	Suburban Cable Company Alleged violation of VA Code § 56-265.24 A
PUE970965	TK Vann Services, Inc. Alleged violation of VA Code § 56-265.24 A
PUE970966	Richardson-Wayland Electric Alleged violation of VA Code § 56-265.24 A
PUE970967	Tyndalls Custom Decks Alleged violation of VA Code § 56-265.17 A
PUE970968	Vico Construction Corp. Alleged violation of VA Code § 56-265.24 A
PUE970969	Virginia Beach Irrigation Alleged violation of VA Code § 56-265.17 A
PUE970970	Virginia Equipment Development, Inc. Alleged violation of VA Code § 56-265.17 C
PUE970971	Virginia Natural Gas, Inc. Alleged violation of VA Code § 56-265.19 A
PUE970972	Wayjo, Inc. Alleged violation of VA Code § 56-265.24 A
PUE970973	NOCUTS, Inc. Alleged violation of VA Code § 56-265.19 A
PUE970974	JHL Plumbing, Inc. Alleged violation of VA Code § 56-265.24 A
PUE970976	Concor of Virginia, Inc. Alleged violation of VA Code § 56-265.17 A
PUE970977	Masters Plumbing, Inc. Alleged violation of VA Code § 56-265.17 A
PUE970978	James Puckett Excavating Alleged violation of VA Code § 56-265.17 A
PUE970979	Raine & Son, Inc. Alleged violation of VA Code § 56-265.17 A
PUE970980	PEC Construction, Inc. Alleged violation of VA Code § 56-265.17 A

PUE970981 General Masonry, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970982 Impact Augering, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE970983 Leo Construction Company
Alleged violation of VA Code § 56-265.17 C
PUE970984 William B. Hopke Co., Inc.
Alleged violation of VA Code § 56-265.17 C
PUE970985 William A. Hazel, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970986 Capco Construction Corporation
Alleged violation of VA Code § 56-265.24 A
PUE970987 Casper Colosimo & Son, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970988 Dr. Plumber, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970989 National Cable Construction
Alleged violation of VA Code § 56-265.24 A
PUE970990 Bob Jones Plumbing
Alleged violation of VA Code § 56-265.24 A
PUE970991 Potomac Concrete Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970992 Reston/Lake Anne Air Conditioning Corp.
Alleged violation of VA Code § 56-265.24 A
PUE970993 J. M. Fox Co.
Alleged violation of VA Code § 56-265.24 A
PUE970994 R. E. Lee Electric Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970995 Martin and Gass, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE970996 Utilx Corporation
Alleged violation of VA Code § 56-265.24 A
PUE970997 Northern Pipeline Construction
Alleged violation of VA Code § 56-265.24 A
PUE970998 United Cities Gas Company
Alleged violation of VA Code § 56-265.19 A
PUE970999 Ben Lewis Plumbing, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE971000 Washington Gas Light Co.
Alleged violation of VA Code § 56-265.19 A
PUE971001 Matrix Mechanical Corp., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE971002 Marumsco Plumbing & Heating
Alleged violation of VA Code § 56-265.24 A
PUE971003 AM Plumbing Service
Alleged violation of VA Code § 56-265.24 A
PUE971004 S. W. Rodgers Co., Inc.
Alleged violation of VA Code § 56-265.24 A
PUE971005 Battlefield Utility Contractor
Alleged violation of VA Code § 56-265.24 A
PUE971006 Craig Smith Builders
Alleged violation of VA Code § 56-265.24 A
PUE971007 R&J Excavating, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE971008 D. A. Foster Company
Alleged violation of VA Code § 56-265.24 A
PUE971009 JSI Paving
Alleged violation of VA Code § 56-265.24 A
PUE971010 Byers Engineering Company
Alleged violation of VA Code § 56-265.19 A
PUE971011 Underground Systems Group LC
Alleged violation of VA Code § 56-265.24 A
PUE971012 Rappawan, Inc.
Alleged violation of VA Code § 56-265.24 A
PUE971013 Northern Virginia Electric
Alleged violation of VA Code § 56-265.24 A
PUE971014 Tibbs Paving, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE971015 YAF Enterprises
Alleged violation of VA Code § 56-265.17 A
PUE971016 Amer Contracting
Alleged violation of VA Code § 56-265.17 A

PUE971017 S and N Communications
Alleged violation of VA Code § 56-265.24 A
PUE971018 Ayer Corp.
Alleged violation of VA Code § 56-265.17 A
PUE971019 JSC Concrete Construction
Alleged violation of VA Code § 56-265.17 A
PUE971020 Hi-Tec Concrete, Inc.
Alleged violation of VA Code § 56-265.17 A
PUE971021 Cube Construction Corporation
Alleged violation of VA Code § 56-265.24 A
PUE971022 Lobo Construction Company
Alleged violation of VA Code § 56-265.17 A
PUE971023 Perma-Seal Waterproofing, Inc.
Alleged violation of VA Code § 56-265.17 A

PUF: DIVISION OF ECONOMICS AND FINANCE

PUF960033 Lake Monticello Service Co.
For authority to borrow $450,000 from Jefferson National to consolidate debt
PUF970001 Virginia Electric & Power Co.
For authority to issue $400 million in junior subordinated debentures
PUF970002 Shenandoah Telephone Company
For authority to make loans to parent
PUF970003 Appalachian Power Company
For approval of affiliate transactions
PUF970004 Atmos Energy Corporation
For authority to incur short-term indebtedness and guarantee loan of an affiliate
PUF970005 Southwestern Virginia Gas Co.
For authority to issue securities
PUF970006 Virginia Electric & Power Co.
For authority to issue $10 million of tax-exempt private activity bonds
PUF970007 Delmarva Power & Light Co.
For approval of transactions under, or exemptions from, Chapter 3 and 4 of Title 56 of the Code of Virginia
PUF970008 Delmarva Power & Light Company
For authority to issue common stock, preferred stock and debt securities
PUF970009 Peoples Mutual Telephone Co.
For authority to guarantee payment of affiliate loan agreement
PUF970010 Central Telephone Co. of Virginia
For authority to incur short-term indebtedness with banks or affiliates
PUF970011 United Telephone-Southeast, Inc.
For authority to issue short-term indebtedness with banks or affiliates
PUF97001 Appalachian Power Company
For authority to enter into a capital lease
PUF970013 Central Virginia Electric Cooperative
For approval of line of credit with National Rural Utilities CFC and for waiver of twelve month paydown requirement
PUF970014 BARC Electric Cooperative
For authority to borrow from REA and CFC
PUF970015 Virginia Natural Gas, Inc.
For approval of annual authorization of financing
PUF970016 Central Telephone Co. of Virginia
Alleged violation of VA Code § 56-65.1
PUF970017 Shenandoah Gas Co.
For authorization to issue a debt security
PUF970018 A & N Electric Cooperative
For authority to issue long-term debt
PUF970019 Virginia Electric & Power Co.
For approval of affiliates agreement
PUF970020 Virginia Gas Pipeline Company
For authority to incur indebtedness and assume obligations
PUF970021 Central Virginia Electric Cooperative
For approval of financing
PUF970022 Washington Gas Light Company
For authority to issue short-term debt
PUF970023 Washington Gas Light Company
For authority to engage in affiliate transactions
PUF970024 Virginia Gas Pipeline Company
For authority to issue additional shares of common stock
PUF970025 Atmos Energy Corporation
For authority to issue common stock
PUF970026 Virginia-American Water Co.
For authority to issue securities

PUF970027 Roanoke Gas Company
For authority to issue common stock and transfer assets to a subsidiary
PUF970029 Mecklenburg Electric Cooperative
For authority to incur debt to provide a zero-interest loan
PUF970030 Toll Road Investors
For an order modifying its tariffs and related findings
PUF970031 Potomac Edison Company
For authority to issue debt securities
PUF970032 Potomac Edison Company
For approval of a money pool agreement with affiliates
PUF970033 Central Telephone Co. of Virginia
For authority to issue short-term indebtedness and make advances to parent
PUF970034 United Telephone-Southeast, Inc.
For authority to issue short-term indebtedness and make advances to parent
PUF970035 Appalachian Power Company
For authority to sell additional pollution control revenue bonds
PUF970036 Atmos Energy Corporation
For authority to incur short-term indebtedness
PUF970037 Southside Electric Cooperative
For authority to continue to participate in loan program
PUF970038 Roanoke Gas Company
For authority to issue equity security
PUF970039 Commonwealth Gas Services, Inc.
For approval of intercompany financing for 1998
PUF970040 Craig-Botetourt Electric Cooperative
For approval of affiliate loan

SEC: DIVISION OF SECURITIES AND RETAIL FRANCHISING

SEC970001 Lang, William Joseph
For offer of compromise and settlement
SEC970002 Fenlon, Henry Ludford
For offer of compromise and settlement
SEC970003 Moors & Cabot, Inc.
For offer of compromise and settlement
SEC970004 Abundant Harvest Church a/k/a Faith Acts Ministries
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970005 Aromin, Fe Roquiz
For offer of compromise and settlement
SEC970006 McCarn Enterprises, Inc. et al. d/b/a McCarn's Allstate Finance and Allstate Finance, Inc.
Alleged violation of VA Code §§ 13.1-504(B) et al.
SEC970007 Direct Participation Services, Inc. d/b/a Government Financial
Alleged violation of VA Code § 13.1-504(B)
SEC970008 Executive Business Group d/b/a On-Hold International
Alleged violation of VA Code § 13.1-560
SEC970009 Southside Church of Nazarene of Richmond, Virginia
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970010 CMS Investment Resources, Inc.
For offer of compromise and settlement
SEC970011 National Funding Consultants
Alleged violation of VA Code §§ 13.1-504 et al.
SEC970012 Artis, Damon
Alleged violation of VA Code §§ 13.1-504 et al.
SEC970013 Core Network, The
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970014 Alliance Development Fund, Inc.
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970015 Medlink, Inc., Petitioner v. Carilion Health System and Genesis Eldercare National Centers, Inc., Respondents
For cancellation of registration pursuant to VA Code § 59.1-89
SEC970016 Ex Parte: Rules and Forms
Promulgation of rules and forms pursuant to VA Code § 13.1-523
SEC970017 Church Extension Plan
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970018 Horning, Harry Hoover
Alleged violation of VA Code §§ 13.1-504 and 13.1-521
SEC970019 Mid Atlantic 401(K) Services, Inc.
For offer of compromise and settlement
SEC970020 Depew, Edward Franklin
For offer of compromise and settlement
SEC970021 Mount Olivet Baptist Church
For certificate of exemption pursuant to VA Code § 13.1-514.1.B

SEC970023 Ebenezer Baptist Church
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970024 Blue Rider Entertainment, Inc.
For offer of compromise and settlement
SEC970025 National Covenant Properties
For certificate of exemption pursuant to VA Code § 13.1-514.1.B
SEC970026 St. Matthew's United Methodist Church
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970027 Tel Advisors, Inc. of Virginia
Alleged violation of VA Code § 13.1-504
SEC970028 Loud, Theodore E.
Alleged violation of VA Code § 13.1-504
SEC970029 Plymouth Haven Baptist Church
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970030 Church of Christ at Maple View
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970031 Dominick, Michael William
For offer of compromise and settlement
SEC970032 Winston, Perry
For offer of compromise and settlement
SEC970033 Gottwald, Jr. Bruce C.
For official interpretation pursuant to VA Code § 13.1-525
SEC970034 Metropolitan Community Church of Northern Virginia
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970035 Meade, Julio C.
For offer of compromise and settlement
SEC970036 Pierce, James Russell
For offer of compromise and settlement
SEC970039 Z3 Capital Corporation
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970040 Artis, Damon
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970041 Crishon, Jason
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970042 Coppola, Andrew
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970043 Dantoni, Roger
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970044 Gavzie, Richard
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970045 Hales, William
Alleged violation of VA Code § 13.1-502
SEC970046 Kozik, Henry
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970047 Nash, Emil
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970048 Nichels, Richard
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970049 Post, Charles
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970050 Rothman, Cary
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970051 Taylor, Aslo
Alleged violation of VA Code § 13.1-502
SEC970052 Tunney, Patrick
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970053 Yeger, Simon
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970054 New Life Christian Center
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970055 Calvert Social Investment Foundation, The
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970056 Fletcher & Faraday, Inc.
Alleged violation of VA Code § 13.1-507
SEC970057 Yasnis, Robert R.
Alleged violation of VA Code § 13.1-507
SEC970058 Bethesda Foundation
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970059 Bethesda Associates
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970060 Patsis, George
For offer of compromise and settlement

SEC970061 Blanco, Peter Michael
For offer of compromise and settlement
SEC970062 Catholic Diocese of Richmond
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970063 Calvary Baptist Church of Lynchburg, Campbell County, Virginia
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970064 Cohen, Brett
For offer of compromise and settlement
SEC970065 Garfinkel, David Abbott
For implementation of special supervisory procedures
SEC970066 Network 900 Partners
Alleged violation of VA Code §§ 13.1-502, et al.
SEC970067 JB Oxford & Company
For offer of compromise and settlement
SEC970068 Real Estate Information Network, Inc.
For certificate of exemption pursuant to VA Code § 13.1-514.1.B
SEC970069 Parnell, Thomas
For offer of compromise and settlement
SEC970070 CMIC Asset Management, Inc.
For offer of compromise and settlement
SEC970072 Dozier Whelan Associates
For offer of compromise and settlement
SEC970073 Whelan, James Dozier
For offer of compromise and settlement
SEC970074 Catholic Diocese of Richmond
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970075 Church Development Fund, Inc.
For cert. of exemption pursuant to VA Code § 13.1-514.1.B
SEC970076 Iacono, Don Barry d/b/a D. Barry Iacono & Associates
For offer of compromise and settlement
SEC970077 International Money Management
For offer of compromise and settlement
SEC970078 Vantage Consulting Group
For offer of compromise and settlement
SEC970079 Interactive Learning Systems, Inc.
For offer of compromise and settlement
SEC970080 Berry, Joseph O.
For offer of compromise and settlement
SEC970081 Mount Calvary Pentecostal Holiness Church
For certificate of exemption pursuant to VA Code § 13.1-514.1.B
SEC970082 Asset Management Advisors, Inc.
For offer of compromise and settlement
SEC970083 Brittingham, Jr. Ernest Orlando
For offer of compromise and settlement
SEC970084 Humphries, Wayne Thomas
For offer of compromise and settlement
SEC970085 Krull, Jeffrey Marc
For implementation of special supervisory procedures
SEC970086 Paracure, Inc.
For offer of compromise and settlement
SEC970087 Thomas, Robert S.
For offer of compromise and settlement
SEC970088 Sterling Forster & Company, Inc.
For offer of compromise and settlement
SEC970089 Valentine, Jean Philippe
For offer of compromise and settlement
SEC970090 Downey, Diana M.
Alleged violation of VA Code § 13.1-521
SEC970091 Balke, Fred d/b/a Financial Concepts
For offer of compromise and settlement
SEC970092 Bornchein, Robert D.
For offer of compromise and settlement
SEC970093 Green Bay Packers, Inc.
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970094 Mission Investment Fund of the Evangelical Lutheran Church in America
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970095 Lopez, Erik Miguel
For offer of compromise and settlement
SEC970096 Presbyterian Homes, Inc.
For order of exemption pursuant to VA Code § 13.1-514.1.B
SEC970097 Brown, Jr. Udell Calvin
For offer of compromise and settlement

SEC970098	Atlanta Marriott Marquis II LP For an official interpretation pursuant to VA Code § 13.1-525
SEC970099	North American Capital Timing, Inc. For offer of compromise and settlement
SEC970100	Hamar, George David Phelps For offer of compromise and settlement
SEC970101	Okolo, Nnamdi For offer of compromise and settlement
SEC970102	Potomac District Council of Assemblies of God, Inc. For certificate of exemption pursuant to VA Code § 13.1-514.1.B
SEC970103	Faith Christian Center For order of exemption pursuant to VA Code § 13.1-514.1.B